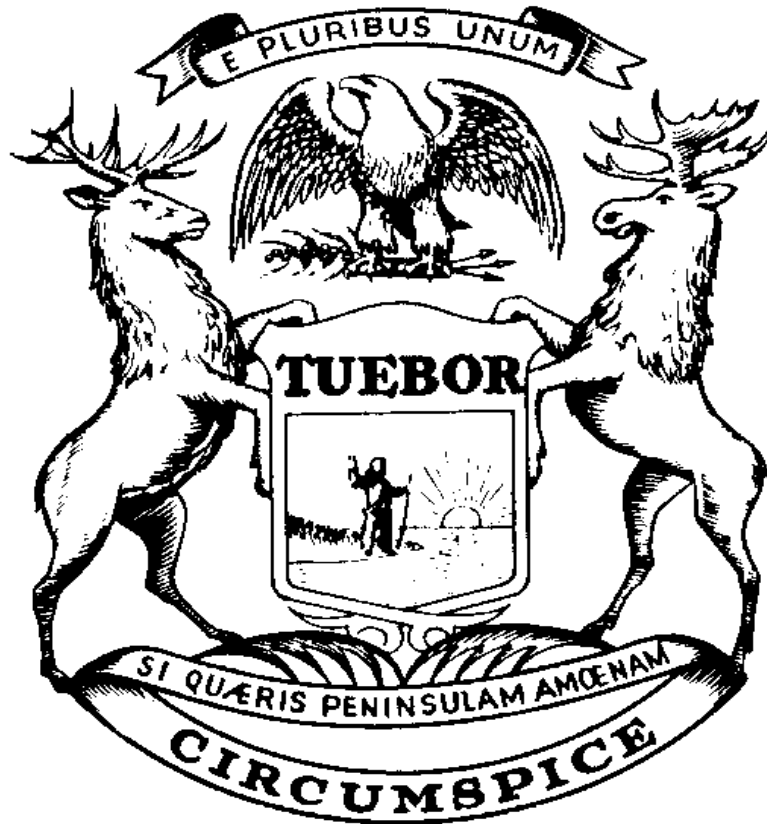


MICHIGAN CAMPAIGN FINANCE CANDIDATE COMMITTEE MANUAL



**MICHIGAN DEPARTMENT OF STATE
BUREAU OF ELECTIONS
CFR-160**

February 12, 2003

QUESTIONS?

If you have questions regarding the disclosure requirements provided under Michigan's Campaign Finance Act, P.A. 388 of 1976, as amended, please contact the

Michigan Department of State
Bureau of Elections
P.O. Box 20126
Lansing, Michigan 48901-0726
Phone: (517) 373-2540

Or visit our office at:

4th Floor Mutual Building
208 North Capitol Avenue
Lansing, Michigan 48933

Candidate Committees registered at the county level may also contact the local county clerk for assistance.

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INTRODUCTION

Michigan's Campaign Finance Act, P.A. 388 of 1976, promotes the public disclosure of political contributions and expenditures. The Secretary of State and the county clerks seek public disclosure through voluntary compliance with the requirements of the Act. This manual explains the obligations "candidates" must meet under the Act.

If you have questions, do not hesitate to seek assistance from the Department of State's Bureau of Elections in Lansing or from your county clerk. Possible violations can be avoided with early advice and use of the instructional materials provided by the Department. When seeking specific legal advice, always rely on the Act and the rules promulgated to administer the Act.

CANDIDATES COVERED BY CAMPAIGN FINANCE ACT

Candidates seeking state, judicial, county, city, township, village and certain school offices in Michigan must meet the disclosure obligations provided under Michigan's Campaign Finance Act. A state, judicial or local candidate must meet the disclosure requirements of the Act even if he or she uses personal funds to campaign; does not receive or spend any funds when seeking office; or is running a write-in campaign.

Candidates running for federal office are subject to federal campaign finance disclosure laws. Information on the federal campaign finance disclosure laws can be obtained from the Federal Election Commission, 999 E Street, N.W., Washington, D.C. 20463. Toll free line: (800) 424-9530.

COMPLIANCE WITH THE ACT

As soon as a person becomes a "candidate" under the Act (see definition on next page), he or she is required to form and register a Candidate Committee.

- A candidate registers a Candidate Committee by filing a Statement of Organization with his or her filing official.
- After the committee is registered, Campaign Statements are filed periodically to disclose the committee's campaign finance activity.

DEFINITION OF "CANDIDATE"

An individual becomes a candidate under the Act as soon as he or she:

- files a fee, Affidavit of Incumbency or nominating petition for an elective office; **OR**
- is nominated as a candidate for elective office by a political party convention or caucus and certified to the appropriate filing official; **OR**
- receives a contribution or makes an expenditure in an attempt to be nominated or elected to office; **OR**
- gives consent to someone else to receive a contribution or make an expenditure in an attempt to be nominated or elected to office.

A person who is an officeholder who is the subject of a recall vote is a candidate. For the purposes of the Campaign Finance Act, an elected officeholder is considered to be a candidate for reelection to that same office unless the officeholder is constitutionally or legally barred from seeking reelection or fails to file for reelection to that office by the applicable filing deadline.

A person appointed to an elective office is not a candidate under the Act until he or she meets the above definition or is the subject of a recall election. A person who is the subject of a recall is a candidate and may make expenditures from his or her Candidate Committee to oppose the recall.

A person nominated at a primary through write-in votes, who has not received or spent any funds in order to be elected, becomes a candidate under the Act five days after the nomination is certified by the Board of Canvassers.

A person elected to office at an election through write-in votes, who has not received or spent any funds in order to be elected, becomes a candidate under the Act on the date the election is certified.

An individual who receives a contribution, makes an expenditure, or gives consent for another person to receive a contribution or make an expenditure for the purpose of seeking write-in votes at an election is a candidate as soon as he or she receives the contribution or makes the expenditure or gives consent to the other person to receive the contribution or make the expenditure.

There is no provision in Michigan election law or in the Campaign Finance Act for "testing the waters." A person who spends or receives money to "test the waters" for a Michigan elective office becomes a candidate as soon as he or she spends or receives money or authorizes any one else to spend or receive money.

An officeholder who is term-limited is no longer a candidate for that office and therefore can

no longer make campaign related expenditures from his or her Candidate Committee account for that office.

CANDIDATES EXEMPTED FROM FILING REQUIREMENTS

A candidate who seeks a **precinct delegate** position is not subject to the filing requirements of the Campaign Finance Act. As a consequence, candidates for precinct delegate positions are **not** required to file a Statement of Organization or Campaign Statements.

A candidate who seeks a school board seat may not be subject to the filing requirements of the Campaign Finance Act if he or she meets the following conditions:

- the school district in which the office is being sought has a pupil membership count of 2,400 or less; **and**
- the Candidate Committee of that candidate receives or expends \$1,000.00 or less in the election.

The candidate must still include proper identification on printed and broadcast materials related to the election as required in section 47 of the Act, and may not accept contributions from any source that is prohibited from giving to other Candidate Committees; such as corporations, labor unions, Indian tribes, persons holding a 1% or greater interest in a Detroit casino, public bodies or Ballot Question Committees.

If the candidate spends or receives more than \$1,000.00, or if the pupil membership exceeds 2,400 on the most recent pupil membership count day, the candidate must file a Statement of Organization and meet the filing requirements of the Act.

A candidate who determines that he or she is required to file under the Campaign Finance Act should contact the county clerk immediately for filing information and forms.

A candidate whose school district crosses county boundaries should contact the clerk of the county in which the greatest number of voters eligible to vote in the school district's elections reside.

DEFINITION OF "CANDIDATE COMMITTEE"

"Candidate Committee" means the committee designated in a candidate's filed Statement of Organization as that individual's Candidate Committee. A Candidate Committee is under the control and direction of the candidate named in the Statement of Organization. An individual who becomes a candidate is required by Section 3(2) of the Campaign Finance Act to form a Candidate Committee.

A CANDIDATE MAY HAVE ONLY ONE COMMITTEE FOR EACH OFFICE SOUGHT.

THE STATEMENT OF ORGANIZATION

As soon as a person becomes a “candidate” under Michigan's Campaign Finance Act, he or she has **ten (10) calendar days to form a Candidate Committee**. After the committee's formation date the candidate has **ten (10) additional calendar days to register the committee**. To register the committee files a Statement of Organization. Statement of Organization forms can be obtained from the Department of State's Bureau of Elections in Lansing or from any county clerk.

The form lists the name of the Candidate Committee, the treasurer's name and address, the name and address of the person responsible for the committee's records and filings (if these responsibilities will be handled by someone other than the treasurer), the depository where committee funds will be kept and other related information.

The information contained on the Statement of Organization must be kept up-to-date. If information listed on the form changes, an amendment must be filed as explained below under "Keeping the Committee's Statement of Organization Up-To-Date."

The Committee Treasurer

The treasurer must be a qualified elector of Michigan. The candidate may serve as the committee's treasurer if desired.

The committee treasurer, candidate and designated record keeper shares legal responsibility for the committee. The treasurer, candidate and designated record keeper are responsible for:

- 1) the committee's record keeping
- 2) report preparation
- 3) timely filing of complete and accurate Campaign Statements
- 4) payment of late filing fees assessed against the Candidate Committee.

The treasurer is responsible for keeping the committee's accounts, records, bills and receipts and must authorize all contributions received and expenditures made by the committee.

The Committee Depository

The depository must be a bank, savings and loan association or credit union located in Michigan. All contributions received by the committee must be deposited in the

committee's account. While a depository must be listed on the Statement of Organization, an account does not have to be opened at the designated bank, savings and loan association or credit union **until** a contribution is accepted. Consequently, a candidate who never accepts a contribution is not required to open an account in his or her designated depository. If the candidate is making all expenditures from personal funds, the bank, credit union or savings and loan association where the personal account is located is the one to be indicated on the Statement of Organization as the committee depository.

Committee funds can be transferred from the official depository account to an account in any financial institution (bank, credit union or savings and loan association) located in the state of Michigan in order to earn interest. All funds placed in a savings account or a certificate of deposit must be transferred back into the official depository account before being spent. Committee funds may **not** be used to purchase commodities, shares of stock, bonds, mutual funds or land contracts. Committee funds may **not** be placed in money market accounts. Committee funds may not be commingled with funds of any other person and may **not** be used to pay personal expenses of the candidate.

Designating A Committee Record Keeper

A committee may designate someone other than the candidate or committee treasurer as the person responsible for the committee's records and filings. An entry for this designation appears on the Statement of Organization form. A person who is designated as responsible for a committee's records and filings is commonly called the committee's "designated record keeper."

- Any person can serve as a committee's designated record keeper.
- A designated record keeper shares legal responsibility for the committee with the treasurer and the candidate.
- A designated record keeper may sign the committee's Campaign Statements in place of the treasurer. A designated record keeper does **not** have the authority to sign the committee's Statement of Organization or any Statement of Organization amendments filed by the committee.

Keeping The Committee's Statement Of Organization Up-To-Date

The committee is required to amend its Statement of Organization if any information presented on the form changes. Statement of Organization amendments must be filed no later than the due date of the next upcoming Campaign Statement required of the committee. A committee is free to file required Statement of Organization amendments

earlier if desired.

Statement of Organization amendments must be signed by the candidate and the committee treasurer who was serving at the time the change took place.

When A Candidate Committee Can Be Used To Seek A Second Office

The following describes when a Candidate Committee can be used to seek a second office. The term "state elective office" is used to mean the office of governor, lieutenant governor, state senator, state representative, secretary of state, attorney general, supreme court justice, state board of education, University of Michigan regent, Michigan State University trustee and Wayne State University governor.

- A candidate for a local office (village, township, city, school or county) **can** use his or her Candidate Committee to seek a second local office **if** the contribution limit for the new office is the same or greater than the contribution limit for the former office. Unexpended funds from the previous committee account may be transferred to the new committee account upon dissolution of the previous committee. If the contribution limit for the new office is less than the contribution limit for the previous office, the Candidate must form a new Candidate Committee for the new office and **no** funds can be transferred to the new committee account from the previous account.
- A local candidate who wishes to seek election to a state elective office must register a separate Candidate Committee with the Bureau of Elections to seek the office. If the contribution limit for the local office was greater than the contribution limit for the state office, the candidate may **not** transfer unexpended funds from the local committee account to the state committee account.
- A state elective officeholder **cannot** use his or her Candidate Committee to seek another office. A candidate for a state elective office who wishes to seek election to another state elective office, to a local office, or to a judicial office must register a separate Candidate Committee to seek the office. If the contribution limit for the new office is the same or greater than the contribution limit for the previous state office, the candidate may transfer unexpended funds from the Candidate Committee account for the old office to the new committee's account.
- A candidate for a judicial office **can** use his or her judicial Candidate Committee to seek another judicial office if the contribution limit for the new office is the same or greater than the contribution limit for the previous office. A judicial officeholder **cannot** use his or her judicial Candidate Committee to seek election to a state office. A judicial officeholder who wishes to seek election to a state elective office must register a separate Candidate Committee to seek the office. If the contribution limit for the new office is the same or greater than the

contribution limit for the previous office, unexpended funds may be transferred to the new committee account. (However, judicial candidates are not permitted to retain any funds from a previous campaign in the committee account. Please refer to the Judicial Canons administered by the Michigan State Bar Association. for additional information regarding candidacy for judicial office.)

- A term-limited officeholder must form a new committee to seek election to any other office and may transfer unexpended funds to the new committee account if the contribution limit for the new office is the same or greater than the contribution limit for the previous office. However, if the transferred funds were received subsequent to the general election in which the officeholder was last elected, the funds must be allocated to the contributors who originally made the contributions. The date of the transfer is used as the date of contribution and the amount of the allocated transfer counts against the contributor's contribution limit to the new office.

CAMPAIGN FINANCE DISCLOSURE REQUIREMENTS

CAMPAIGN STATEMENTS

A committee discloses its campaign finances on Campaign Statements. A Campaign Statement consists of a cover page, a series of schedules that itemize the committee's receipts, expenditures and debts, a Summary Page and a special purpose schedule that details fund raisers held by the committee. Campaign Statement forms and instructions can be obtained from the Department of State's Bureau of Elections in Lansing or from any county clerk.

A committee that does not expect to receive or spend more than \$1,000.00 for any election can obtain a Reporting Waiver by checking Item 10 on its Statement of Organization. A committee that maintains a Reporting Waiver is exempt from filing Campaign Statements. The Reporting Waiver is explained in detail on the following page.

When Campaign Statements Are Required

The Candidate Committee of a candidate whose name appears on a ballot for an election must file a Pre-Election Campaign Statement **and** a Post-Election Campaign Statement for each election in which the candidate seeks nomination or election. If an individual becomes a candidate after the closing date for the Pre-Election Campaign Statement, only the Post-Election Campaign Statement is required for that election.

An "election" is defined as a primary, general, special or school election held in Michigan or a convention or caucus held by a political party in Michigan to nominate candidates. The Primary and the General are separate elections. A recall is also an election. In addition to Pre- and Post- Election Campaign Statements, an Annual Campaign Statement must be filed by January 31 each year. Exceptions to the filing requirements are explained under "The Reporting Waiver" and "Annual Campaign Statement Filing Exemptions."

Campaign Statement Closing Dates, Due Dates And Coverage Periods

Pre-Election, Post-Election and Annual Campaign Statements have specific closing date, due dates and coverage periods as detailed below.

<u>Type of Statement</u>	<u>Closing Date of Statement</u>	<u>Statement Due Date</u>
Pre - Election Campaign Statement	16 days before election	11 days before election
Post - Election Campaign	20 days after election	30 days after election
Annual Campaign Statement	December 31	January 31

Pre-Convention Campaign Statement	16 days before convention	11 days before convention
Post-Convention Campaign Statement	20 days after convention	30 days after convention

The first Campaign Statement filed by a committee "opens" on the day the Candidate Committee formed and extends through the "closing date" of the Statement that is due. Subsequent Campaign Statements "open" on the day after the last day covered by the previous Campaign Statement filed by the committee and extend through the "closing date" of the Statement that is due. The Campaign Statement that is due begins where the last Campaign Statement filed left off; therefore, an Annual Campaign Statement will not cover the entire year unless the committee did not make Campaign Statement filings for an election during the previous year.

The Reporting Waiver

A committee that does not expect to receive or spend more than \$1,000.00 for any election is eligible for a Reporting Waiver. A committee that qualifies for, and receives, a Reporting Waiver is exempt from filing Campaign Statements until it exceeds \$1,000.00 in receipts, expenditures or debt. The committee that has a Reporting Waiver is not exempt from filing Late Contribution Reports.

- To become eligible for a Reporting Waiver the committee must check Item 10 on its Statement of Organization to request the waiver. This tells the filing official that the committee does not expect to receive or spend more than \$1,000.00 for any election. The committee can check Item 10 on its original Statement of Organization or on an amended Statement of Organization. A committee that does not check Item 10 on its Statement of Organization must file Pre-Election, Post-Election and Annual Campaign Statements even if it spends or receives less than \$1,000.00 for an election. A committee cannot amend its Statement of Organization to exempt itself from Campaign Statements that are already past due.
- A committee automatically loses its Reporting Waiver if it receives or spends more than \$1,000.00 for an election, has more than \$1,000.00 in its account or incurs more than \$1,000.00 in debts. If the Reporting Waiver is lost, the committee must file the next Pre-Election, Post-Election or Annual Campaign Statement required of the committee. This statement's cover period must begin with the closing date of the last Post-Election or Annual Campaign Statement that was waived, whichever is earlier. A committee with a Reporting Waiver does not have to notify its filing official if it expects to exceed the \$1,000.00 limit. The filing official will update his or her records to show that the committee no longer has a Reporting Waiver when the committee files a Campaign Statement that shows that the committee received or spent more than \$1,000.00 for the election.

- If, after filing the required Campaign Statement(s) the committee wishes to obtain another Reporting Waiver, it must amend its Statement of Organization (re-check Item 10) to indicate to the filing official that the committee does not expect to receive or spend more than \$1,000.00 for a future election. To regain a Reporting Waiver, the committee must have no more than \$1,000.00 in its account and no more than \$1,000.00 in debts. The Amended Statement of Organization must be received by the filing official by the deadline of a required Campaign Statement in order for that statement to be waived. If a committee that loses its Reporting Waiver does not amend its Statement of Organization to obtain a new Reporting Waiver, the committee must file Campaign Statements as required regardless of the amount received or spent for each election.
- Please note: The Reporting Waiver for a Candidate Committee is for the election. If the Candidate committee spends or receives \$1,000.01 or more by the closing date of the Pre-Election Campaign Statement, the committee must file **both the Pre-Election and the Post-Election Campaign Statements** because the committee has exceeded \$1,000.00 for the election. If a committee spends or receives more than \$1,000.00, files a Pre-Election statement, lowers the account balance to less than \$1,000.00, and requests a Reporting Waiver for the Post-Election statement, such a request cannot be honored. The Reporting Waiver would not be in effect until the next election.

Receipts And Expenditures That Count Toward The \$1,000.00 Reporting Waiver Threshold:

- Money received by the committee, by the candidate, by the committee treasurer or by an agent of the committee as a direct contribution or as a loan for the purpose of furthering the nomination or election of the candidate.
- Money spent by the committee, by the candidate, the committee treasurer or by an agent of the committee for the purpose of furthering the nomination or election of the candidate.
- The fair market value of goods or services (in-kind) given or loaned to the committee by the candidate or any other person, or purchased on behalf of the committee by the candidate or any other person, for the purpose of furthering the nomination or election of the candidate.
- Debt incurred (including late filing fees) by the candidate, treasurer or any agent of the committee on behalf of the committee.
- A cash balance left over from one election counts as funds received for the next election.

Annual Campaign Statement Filing Exemptions

The Act exempts certain Candidate Committees from filing an Annual Campaign Statement. As provided under the exemptions, an Annual Campaign Statement is not required of the following:

- The Candidate Committee of an incumbent judge.
- The Candidate Committee of an officeholder whose salary is less than \$100.00 a month. (To be eligible for this exemption, the committee must not have received any contributions or made any expenditures during the period of time covered by the Annual Campaign Statement.)
- A Candidate Committee that files a Post-General Campaign Statement due between December 1 and January 30. The requirement to file the Annual Campaign Statement that is due on January 31 immediately following the Post-General due date is waived. The Candidate Committee is, however, required to file all subsequent Annual Campaign Statements.
- A Candidate Committee that has a Reporting Waiver is not required to file Annual Campaign Statements as long as it maintains the Reporting Waiver.

Given the above exemptions, a Candidate Committee of a former officeholder who leaves office without a Reporting Waiver, must file an Annual Campaign Statement each year until the committee is officially dissolved.

LATE CONTRIBUTION REPORTS

A Candidate Committee, candidate, treasurer or designated record keeper must report all "late contributions." A late contribution is any single contribution of \$200.00 or more received by the committee between the 15th and the 3rd day before the date of the election.

- A Late Contribution Report must be received by the committee's filing official within 48 hours after the committee's receipt of the contribution. A contribution is *received by a committee* on the date that the monetary funds, written instrument, or in-kind contribution of goods from the contributor have come into the *physical possession of the committee treasurer, designated record keeper or other person acting as an agent of the committee*. The receipt date is not the date the check, or other written instrument was written or the date the contribution was deposited into the committee bank account.
- For purposes of reporting a late contribution of an in-kind contribution of services, the in-kind contribution is considered to be *received by the committee on the date the committee treasurer, designated record keeper or other person acting as an agent of the committee receives verbal or written notice from the contributor that the contribution has in fact been made*.

- In addition to this report, a late contribution must be disclosed on the next Campaign Statement filed by the committee. A Reporting Waiver does not exempt a committee from filing Late Contribution Reports.
- A Late Contribution Report must contain the date and amount of the contribution along with the contributor's name, street address, occupation, employer and principal place of business. The report is not made on Campaign Statement forms and may be made in a telegram or by any other means of written communication, including fax. The fax number for the Bureau of Elections is (517) 373-0941. A Late Contribution Report need not contain a signature and may be filed on letterhead stationery or plain paper. It is not filed using Campaign Statement forms.
- Refer to the late filing fee charts in this Manual for the fees assessed for Late Contribution Reports that are not filed timely.

FILING INFORMATION

Where To File

A committee must file its Statement of Organization, Campaign Statements and Late Contribution Reports with the appropriate filing official.

- A candidate for a state elective office or for any judicial office files with the Michigan Department of State, **Bureau of Elections, Post Office Box 20126, Lansing, Michigan 48901. Office location: Mutual Building, 4th Floor, 208 North Capitol, Lansing, Michigan 48933.** State elective offices are: governor, lieutenant governor, secretary of state, attorney general, state senator, state representative, state board of education, University of Michigan regent, Michigan State University trustee and Wayne State University governor. Judicial offices include those seats for Supreme Court, Courts of Appeal, Circuit Court, District Court, Probate Court, Probate District Courts, Municipal Court.
- A candidate for a county, city, township, village, school or other local elective office files with the clerk of the county in which he or she resides. EXCEPTION: A candidate for a school board seat or any other local seat that will be voted on in more than one county files with the clerk of the county in which the greatest number of voters eligible to vote on the office reside.

Number of Campaign Statement Copies Required

Candidate Committees that file on paper with the Department of State's Bureau of Elections must file three (3) copies of each required Campaign Statement (one original and two photocopies).

Candidate Committees that file on the county level should contact the county clerk for information on the number of copies of Campaign Statements to file.

Ensuring Timely Filings

- Electronic filings must be transmitted and received by the Bureau of Elections before 5:00 p.m. on the due date.
- Paper filings that are hand delivered or sent by first class mail must reach the filing official before 5:00 p.m. on the due date. (The postmarked date is not used in this instance to

determine the timeliness of the filing.) Committees must be sure to allow adequate mailing time if sending a filing by first class mail.

- A Statement of Organization, Annual Campaign Statement or a Post-Election Campaign Statement that is sent by **registered mail, certified mail or an overnight delivery service** and postmarked **on or before** the filing deadline will be accepted as a timely filing regardless of when it is delivered.
- A Pre-Election Campaign Statement that is sent by **registered mail, certified mail or an overnight delivery service** and postmarked **two or more days** before the filing deadline will be accepted as a timely filing regardless of when it is delivered.

REQUIREMENTS FOR ACCEPTABLE FILINGS

A Campaign Statement may not be accepted if it is illegible, does not bear the appropriate signature(s) or is printed on paper that is not the proper size.

- Campaign Statements may be filed electronically using software provided or approved by the Secretary of State. Campaign Statements that are filed on paper must be typed or filled out in ink.
- Electronic filings must meet all specifications of the Department of State and must be filed in compliance with instructions provided by the department. Please contact the Department's Bureau of Elections for specifications and software format for electronic filings.
- Campaign Statements must be complete and accurate, and verified as such by the committee treasurer or designated record keeper and the candidate.
- Campaign Statements must be signed by the candidate and the committee treasurer. A designated record keeper may sign a Campaign Statement in place of the treasurer.
- Campaign Statements filed on paper must be on forms provided by the Department of State or on forms previously approved by the Department. Please contact the Department's Bureau of Elections for specifications and written approval of substitute paper forms before using them for a filing.

LATE FILING FEES

CAMPAIGN FINANCE LATE FILING FEE CHARTS

Charts on the following pages are designed to inform the user of the late filing fees to be assessed for the late filing of Campaign Statements and reports required to be filed pursuant to the Michigan Campaign Finance Act, MCL 169.202 through 169.282, as amended.

COMMITTEES FILING WITH COUNTY CLERKS

LOCAL CANDIDATE COMMITTEES

- County
- City
- Township
- Village
- Public School Board
- Community College Board

COMMITTEES FILING WITH THE DEPARTMENT OF STATE'S BUREAU OF ELECTIONS

JUDICIAL CANDIDATES

- Michigan Supreme Court
- Court of Appeals
- Circuit Courts
- District Courts
- Probate Courts
- Municipal Courts

STATE-LEVEL CANDIDATES

- Governor
- Lt. Governor
- Secretary of State
- Attorney General
- State Senate
- State Representative
- State Board of Education
- University of Michigan Regents
- Michigan State University Trustees
- Wayne State University Governors

ALL COMMITTEES, STATE AND LOCAL

STATEMENT OF ORGANIZATION Section 24(1)

The late filing fee for a late-filed original Statement of Organization is \$10.00 per business day not to exceed \$300.00.

LATE FILING FEES: ALL COMMITTEES STATEMENT OF ORGANIZATION	
DAY 1	\$10.00
DAY 2	\$20.00
DAY 3	\$30.00
DAY 4	\$40.00
DAY 5	\$50.00
DAY 6	\$60.00
DAY 7	\$70.00
DAY 8	\$80.00
DAY 9	\$90.00
DAY 10	\$100.00
DAY 11	\$110.00
DAY 12	\$120.00
DAY 13	\$130.00
DAY 14	\$140.00
DAY 15	\$150.00
DAY 16	\$160.00
DAY 17	\$170.00
DAY 18	\$180.00
DAY 19	\$190.00
DAY 20	\$200.00
DAY 21	\$210.00
DAY 22	\$220.00
DAY 23	\$230.00
DAY 24	\$240.00
DAY 25	\$250.00
DAY 26	\$260.00
DAY 27	\$270.00
DAY 28	\$280.00
DAY 29	\$290.00
DAY 30	\$300.00

ALL COMMITTEES, STATE AND LOCAL

LATE CONTRIBUTION REPORTS Section 32(4)

A committee, candidate, treasurer or designated record keeper who fails to report a late contribution as required by Section 32(1) shall pay a late filing fee that shall not exceed \$2,000.00, determined as follows:

- (a) \$25.00 for each business day the report remains unfiled.
- (b) An additional \$25.00 for each business day after the first 3 business days the report remains unfiled.
- (c) An additional \$50.00 for each business day after the first 10 business days the report remains unfiled.

The filing official must assess a **\$25.00** late filing fee **for the first 3 business days** that a statement remains unfiled; a **\$50.00** (\$25.00 + \$25.00) late filing fee **for the 4th through the 10th business days** that the statement remains unfiled; and a **\$100.00** (\$25.00 + \$25.00 + \$50.00) late filing fee **for the 11th through 26th business days** that a statement remains unfiled. The \$2,000.00 maximum late filing fee will have been reached at that point.

LATE FILING FEES: ALL COMMITTEES, STATE AND LOCAL LATE CONTRIBUTION REPORTS	
DAY 1	\$25.00
DAY 2	\$50.00
DAY 3	\$75.00
DAY 4	\$125.00
DAY 5	\$175.00
DAY 6	\$225.0
DAY 7	\$275.00
DAY 8	\$325.00
DAY 9	\$375.00
DAY 10	\$425.00
DAY 11	\$525.00
DAY 12	\$625.00
DAY 13	\$725.00
DAY 14	\$825.00
DAY 15	\$925.00
DAY 16	\$1,025.00
DAY 17	\$1,125.00
DAY 18	\$1,225.0
DAY 19	\$1,325.00
DAY 20	\$1,425.00
DAY 21	\$1,525.00
DAY 22	\$1,625.00
DAY 23	\$1,725.00
DAY 24	\$1,825.00
DAY 25	\$1,925.00
DAY 26	\$2,000.00

STATE, LOCAL OR JUDICIAL CANDIDATE COMMITTEE

PRE-ELECTION OR POST-ELECTION CAMPAIGN STATEMENT (Section 33(7))

- If the committee has raised **\$10,000.00 or less** during the previous 2 years, the late filing fee shall be \$25.00 for each business day the statement remains unfiled, but not to exceed \$500.00.
- If the committee has raised **more than \$10,000.00** during the previous 2 years, the late filing fee shall not exceed \$1,000.00, determined as follows:
 - (a) Twenty-five dollars for each business day the report remains unfiled.
 - (b) An additional \$25.00 for each business day after the first 3 business days the report remains unfiled.
 - (c) An additional \$50.00 for each business day after the first 10 business days the report remains unfiled.

The filing official must assess a **\$25.00** late filing fee **for the first 3 business days** that a statement remains unfiled; a **\$50.00** (\$25.00 + \$25.00) late filing fee **for the 4th through the 10th business days** that the statement remains unfiled; and a **\$100.00** (\$25.00 + \$25.00 + \$50.00) late filing fee **for the 11th through 16th business days** that a statement remains unfiled. The \$1,000.00 maximum late filing fee will have been reached at that point.

LATE FILING FEES: <u>STATE, LOCAL OR JUDICIAL CANDIDATE COMMITTEE</u> THAT RECEIVED <u>\$10,000.00 OR LESS</u> DURING THE PREVIOUS 2 YEARS PRE-OR POST ELECTION CAMPAIGN STATEMENTS	
DAY 1	\$25.00
DAY 2	\$50.00
DAY 3	\$75.00
DAY 4	\$100.00
DAY 5	\$125.00
DAY 6	\$150.00
DAY 7	\$175.00
DAY 8	\$200.00
DAY 9	\$225.00
DAY 10	\$250.00
DAY 11	\$275.00
DAY 12	\$300.00
DAY 13	\$325.00
DAY 14	\$350.00
DAY 15	\$375.00
DAY 16	\$400.00
DAY 17	\$425.00
DAY 18	\$450.00
DAY 19	\$475.00
DAY 20	\$500.00

LATE FILING FEES: <u>STATE, LOCAL OR JUDICIAL CANDIDATE COMMITTEE</u> THAT RECEIVED <u>MORE THAN \$10,000.00</u> DURING THE PREVIOUS 2 YEARS PRE-OR POST ELECTION CAMPAIGN STATEMENTS	
DAY 1	\$25.00
DAY 2	\$50.00
DAY 3	\$75.00
DAY 4	\$125.00
DAY 5	\$175.00
DAY 6	\$225.00
DAY 7	\$275.00
DAY 8	\$325.00
DAY 9	\$375.00
DAY 10	\$425.00
DAY 11	\$525.00
DAY 12	\$625.00
DAY 13	\$725.00
DAY 14	\$825.00
DAY 15	\$925.00
DAY 16	\$1 000.00

LOCAL CANDIDATE COMMITTEE

ANNUAL CAMPAIGN STATEMENTS (Section 35(3))

A committee, candidate, treasurer, or designated record keeper filing for a local candidate committee, who fails to file an Annual campaign statement shall pay a late filing fee of \$25.00 for each business day the statement remains unfiled. The late filing fee shall not exceed \$500.00.

LATE FILING FEES <u>LOCAL CANDIDATE COMMITTEE</u> <u>ANNUAL CAMPAIGN STATEMENTS</u>	
DAY 1	\$25.00
DAY 2	\$50.00
DAY 3	\$75.00
DAY 4	\$100.00
DAY 5	\$125.00
DAY 6	\$150.00
DAY 7	\$175.00
DAY 8	\$200.00
DAY 9	\$225.00
DAY 10	\$250.00
DAY 11	\$275.00
DAY 12	\$300.00
DAY 13	\$325.00
DAY 14	\$350.00
DAY 15	\$375.00
DAY 16	\$400.00
DAY 17	\$425.00
DAY 18	\$450.00
DAY 19	\$475.00
DAY 20	\$500.00

JUDICIAL OR STATE LEVEL CANDIDATE COMMITTEES

ANNUAL CAMPAIGN STATEMENTS Section 35(3)

If the committee has raised \$10,000.00 or less during the previous 2 years, the late filing fee shall be \$25.00 for each business day the campaign statement remains unfiled, but not to exceed \$500.00.

If the committee has raised more than \$10,000.00 during the previous 2 years, the late filing fee shall be \$50.00 for each business day the campaign statement remains unfiled, but not to exceed \$1,000.00.

Pursuant to Act No. 75, Public Acts of 2000, beginning with the Annual Campaign Statement due on January 31, 2002, and for each Annual Campaign Statement filed thereafter by a candidate for state elective office or a judicial office, the late filing fee for the Annual Campaign Statement shall be paid by the candidate. and the candidate shall not use committee funds to pay that fee.

LATE FILING FEES: JUDICIAL OR STATE LEVEL CANDIDATE COMMITTEE THAT RAISED \$10,000.00 OR LESS DURING THE PREVIOUS 2 YEARS ANNUAL CAMPAIGN STATEMENT	
DAY 1	\$25.00
DAY 2	\$50.00
DAY 3	\$75.00
DAY 4	\$100.00
DAY 5	\$125.00
DAY 6	\$150.00
DAY 7	\$175.00
DAY 8	\$200.00
DAY 9	\$225.00
DAY 10	\$250.00
DAY 11	\$275.00
DAY 12	\$300.00
DAY 13	\$325.00
DAY 14	\$350.00
DAY 15	\$375.00
DAY 16	\$400.00
DAY 17	\$425.00
DAY 18	\$450.00
DAY 19	\$475.00
DAY 20	\$500.00

LATE FILING FEES: JUDICIAL OR STATE LEVEL CANDIDATE COMMITTEES THAT RECEIVED MORE THAN \$10,000.00 DURING THE PREVIOUS 2 YEARS ANNUAL CAMPAIGN STATEMENTS	
DAY 1	\$ 50.00
DAY 2	\$100.00
DAY 3	\$150.00
DAY 4	\$200.00
DAY 5	\$250.00
DAY 6	\$300.00
DAY 7	\$350.00
DAY 8	\$400.00
DAY 9	\$450.00
DAY 10	\$500.00
DAY 11	\$550.00
DAY 12	\$600.00
DAY 13	\$650.00
DAY 14	\$700.00
DAY 15	\$750.00
DAY 16	\$800.00
DAY 17	\$850.00
DAY 18	\$900.00
DAY 19	\$950.00
DAY 20	\$1,000.00

Late Filing Fee Waivers

The Department of State and the county clerks throughout the state have the authority to waive a late filing fee for reasons of incapacitating physical illness, hospitalization, accident involvement, death, incapacitation for medical reasons or other unique, unintentional factors beyond the filer's control not stemming from a negligent act or non-action. A request for a late filing fee waiver must be accompanied by documentation which supports the reason for the request. A filing official does **not** have the authority to waive a late filing fee for any of the following reasons:

- not receiving notice of the filing requirements;
- not being in town or picking up mail;
- not being aware of the filing requirements;
- not knowing where to get forms; or
- sending the filing to the wrong office.

For further information on the provisions of the Campaign Finance Act which govern late filing fee waivers, contact the Michigan Department of State, Bureau of Elections, P.O. Box 20126, Lansing, Michigan 48901. Phone: (517) 373-2540.

Late Filing Fee Hearings

The Campaign Finance Act holds candidates, treasurers and designated record keepers all equally and severally liable for late filing fees. Therefore the Department of Treasury may take collection actions against the personal financial holdings of these individuals to bring the late filing fee account balance to zero. Collection actions by the Department of Treasury could include levy on wages, set off against state income tax refunds or any other means at the Department of Treasury=s disposal. Committees are urged to promptly pay late filing fees to avoid collection by the Department of Treasury, State Agency Collections Division.

Before a late filing fee is referred for collection, you will be notified of your right to request a hearing to contest the validity of any late filing fee. You must request a hearing in writing within 14 days after being notified of your right to request such hearing. If you request a hearing, it will be held in Lansing before a hearing officer authorized to decide whether the late filing fees were properly assessed, whether the waiver portions of the law apply and related matters. Failure to request a hearing waives any rights you may have to a hearing.

A written request for a hearing must be sent to:

Michigan Department of State
Bureau of Legal Services
Compliance and Rules Division
Third Floor Mutual Building
208 N. Capital Avenue
Lansing, Michigan 48918-2170

Please note that if the debt is uncontested or if a ruling is entered at the hearing that late filing fees are due, the committee=s account will be assigned to the Michigan Department of Treasury for collection. When the account is received by Treasury, the Michigan income tax refund of the candidate, treasurer and/or the designated record keeper may be applied to this debt. Treasury may also levy on salary and wages, or seize any money or other assets held by these individuals in order to collect on this debt.

To pay an unpaid late filing fee, send the remittance made payable to "State of Michigan" to:

Michigan Department of State
Bureau of Elections
P. O. Box 20126
Lansing, Michigan 48901

Write the committee=s Campaign Finance Identification Number on the check or money order that is submitted for payment.

CONTRIBUTIONS AND OTHER RECEIPTS

"Contributions" are the funds, goods and services donated to the Candidate Committee. **"Other receipts"** include interest and loans from financial institutions, refunds and rebates received by the Candidate Committee.

All contributions that are obtained and used to make expenditures in support or opposition of candidates or ballot issues in Michigan elections must conform to all requirements of the Michigan Campaign Finance Act.

Recording And Reporting Contributions And Other Receipts

The committee treasurer or designated record keeper must:

- Record and report all contributions received from individuals by the amount, date received, and the donor's name and address. If single or cumulative contributions received from the same individual for the "election cycle" total \$100.01 or more, the donor's occupation, employer and principal place of business must also be recorded and reported.
- Record and report all contributions received from groups, businesses, firms or any other types of organizations that are not registered as a committee under the Act by amount, date received and the contributing organization's name and address. If an individual gave money toward the organization's contribution, the amount the individual gave, the date the organization received the individual's contribution, and the individual's name and address must be recorded and reported as a "memo itemization.". If an individual gave \$100.01 or more toward the organization's contribution, the individual's occupation, employer and principal place of business must also be recorded.
- Record and report all contributions received from Independent, Political and Political Party Committees registered under the Act by the amount, date received and the committee's name and address.
- Record and report all "other receipts" by the amount, date received, and the name and address of the source. A short description of the "other receipt" must also be included.
- For specific information on how contributions and "other receipts" are reported, refer to the Campaign Statement instructions booklet.

Prompt Deposit Required

All funds received by the committee must be promptly deposited in the committee's depository by treasurer or agent. A contribution is received by the committee as soon as it is received by the committee treasurer or an agent designated by the treasurer.

When A Written Instrument Is Required

A contribution of \$20.01 or more must be made by a written instrument, such as a check or money order. The written instrument must show the name of the person making the contribution, date amount, and the name of the committee accepting the contribution. A committee may not accept contributions of \$20.01 or more in cash. For contributions made by credit card, the committee needs to record the same type of information for each contribution that would be recorded if the contribution were made by check or money order.

Loans

A Candidate Committee may accept loans from individuals, Independent Committees, Political Committees, Political Party Committees and financial institutions. Loans are recorded as contributions with the exception of loans made to the committee by financial institutions. A loan made by a financial institution is recorded as an Aother receipt.” Since a loan from an individual or from another committee is treated as a contribution, a Candidate Committee must not make loans to another Candidate Committee.

In-Kind Contributions

In-kind contributions are goods, services and facilities provided to the committee at no cost or at a discount. An in-kind contribution could be a donation of lumber to the committee, a person paying off a debt incurred by the committee or a person donating professional services to the committee.

- The value of an in-kind contribution is the fair market value of the goods or services or the usual rental charge of the facility. If the committee receives a discount unavailable to the general public, the value of the in-kind contribution is the amount discounted.
- A corporation, labor organization or domestic dependent sovereign may not make an In-Kind contribution to a Candidate Committee, Political Committee, Independent Committee or Political Party Committee from treasury funds. Any contributions of funds, goods or services must be from the corporation's, labor organizations, or domestic dependent sovereign separate segregated fund that is registered as an Independent Committee.

Contributions From Out-of-State Groups

A Candidate Committee may accept out-of-state contributions. A statement must be included with any out-of-state contribution from a person, other than an individual. The statement must give the date the contribution was made, the amount of the contribution, the full name and address of each person or committee contributing to the contribution and the occupation, employer and principal place of business of each person contributing \$100.01 or more of the contribution. The statement must also include language to the effect that the contribution involved was not made from an account containing funds prohibited by Section 54 of the Campaign Finance Act (funds from a corporation, joint stock company, domestic dependent sovereign [Indian tribe], or labor organization).

- The statement must be certified as true and correct by an officer of the contributing committee or other contributing person.
- The statement must be filed with the committee's Campaign Statement that reports receipt of the contribution.

LIMITATIONS ON CONTRIBUTIONS TO CANDIDATES

The Act sets contribution limits for all elective candidates. The following types of contributions count toward the limits: cash contributions, contributions made by a written instrument such as a check or money order, in-kind contributions of goods and services, and loans. A contribution made by a dependent minor is counted against the contribution amount given by the minor's parent or guardian.

The contribution limits are set on an "election cycle" basis.

- An election cycle begins on the day following a general election in which the office involved appears on the ballot and ends on the day of the next general election in which the office appears on the ballot.
- For a special election, the election cycle begins on the day the special election is scheduled or the date the office involved became vacant (whichever is earlier) and ends on the day of the special election.

The contribution limits chart lists the maximum amount individuals, Independent Committees, Political Committees and Political Party Committees may give to an elective candidate during the election cycle. **IMPORTANT:** The chart and the information appearing below the chart do not apply to candidates for governor or lieutenant governor if public funding is accepted. For information on the contribution limits that apply to candidates for governor and lieutenant governor when public funding is accepted, contact the Department of State's Bureau of Elections in Lansing.

Immediate Family Exemption

A candidate and his or her immediate family members are exempt from the contribution limits except gubernatorial candidates receiving public funds. The Act's definition of "immediate family" is a child residing in the candidate's household, the candidate's spouse, or an individual claimed by the candidate or the candidate's spouse as a dependent for federal income tax purposes.

State Elective Offices

State elective offices not listed on the chart are secretary of state, attorney general, supreme court justice, state board of education, University of Michigan regent, Michigan State University trustee and Wayne State University governor.

MAXIMUM CONTRIBUTION DURING ELECTION CYCLE

Type of Candidate	Political Committees and Individuals	Independent Committees, District and County Political Party Committees	State Central Political Party Committees
Governor	\$3,400	\$34,000	\$68,000
Lt. Governor	\$3,400	\$34,000	\$68,000
State Senator	\$1,000	\$10,000	\$10,000
State Representative	\$500	\$5,000	\$5,000
Any Other State-Elective Office*	\$3,400	\$34,000	\$68,000
Local candidate or judicial candidate in district with population over 250,000:	\$3,400	\$34,000	\$34,000
Local candidate or judicial candidate in district with population 85,001 to 250,000:	\$1,000	\$10,000	\$10,000
Local candidate or judicial candidate in district with population up to 85,000:	\$500	\$5,000	\$5,000

Loans

A loan accepted by a candidate from an individual, Independent Committee, Political Committee or Political Party Committee counts toward the contribution limit applicable to the lender. In addition, a loan received by a candidate which is endorsed or guaranteed by a third party counts toward the contribution limit applicable to the third party to the extent the third party is liable for

the amount loaned. Amounts repaid on a loan by the committee no longer count toward the contribution limit applicable to the lender or any person endorsing or guaranteeing the loan

Contributions From Committees And Organizations

As a person cannot give a contribution to another person with the understanding or agreement that the contribution will be passed on to a particular Candidate Committee, an amount contributed to a candidate by an Independent Committee, Political Committee, Political Party Committee, group, business, firm or other type of organization does **not** count toward the contribution limit applicable to any person who may have given the funds involved to the contributing committee or organization. This remains true even if a contributing organization is required to supply the committee with information on individuals who gave funds which went toward the contribution.

Designation Of Contributions For Previous Election Cycles

A contribution received by a Candidate Committee is considered to be for the current election cycle unless designated for a previous election cycle. A contributor can designate a contribution for a previous election cycle if the designation is made in writing; the contributor did not reach the applicable contribution limit set for the candidate in the election cycle identified in the designation; and the designated contribution does not exceed the Candidate Committee's outstanding debts from the election cycle identified in the designation.

Contribution Exemptions

An individual can assist a Candidate Committee in a number of ways without counting the assistance as a contribution to the committee. The following exemptions are designed to encourage volunteer participation in the political process:

- A volunteer's personal services do not count as a contribution as long as the volunteer assists the committee without any understanding or agreement that compensation will be received for the time donated. If the committee compensates the volunteer, the compensation must be reported as an expenditure. If a third party compensates the volunteer (an employer, for example), the compensation must be reported as an in-kind contribution from the third party. If a volunteer is on earned vacation time when assisting the committee, the vacation pay does not count as a contribution.
- The first \$500.00 spent during the year by a volunteer for personal travel expenses (gas, food, lodging) do not count as a contribution as long as the costs are voluntarily incurred without any understanding or agreement that the costs will be repaid. Additional travel expenses incurred by the volunteer during the year must be reported by the committee as in-kind contributions.

- The first \$100.00 worth of food and beverages donated during the year by an individual do not count as a contribution as long as the costs are voluntarily incurred without any understanding or agreement that the costs will be repaid. Additional donations of food and beverages given by the individual during the year must be reported by the committee as in-kind contributions.

Advising Contributors of Filing Obligations Urged

Michigan's Campaign Finance Act covers a "person" operating within Michigan or out-of-state as soon as it receives or spends \$500.00 or more in a calendar year to influence voters for or against the nomination or election of one or more candidates in Michigan. The term "person" is used to mean a business, company, corporation, association or two or more individuals who act jointly. As soon as a person reaches the \$500.00 threshold detailed above, it has ten (10) calendar days to form and register a committee under the Act. A person that is covered by the Act registers a committee by filing a Statement of Organization with the appropriate filing official.

- The treasurer of a Candidate Committee who accepts a contribution of \$500.00 or more from a business or other type of group is urged to advise the organization of the Campaign Finance Act's filing requirements.
- A group that meets the registration threshold through a single contribution may register a committee under the Act and dissolve the committee on the same day if no further political activity is anticipated for the year.
- If the Candidate Committee(s) to which contributions are made are state-level or judicial committees, the group would file the Statement of Organization with the Bureau of Elections. If the contribution is made to a candidate for local office, the Statement of Organization must be filed with the appropriate County Clerk.

Contributions Received from a Partnership or a Limited Liability Company

The following requirements for partnerships also apply to limited liability companies and their members. A contribution to a Candidate Committee which is made on a partnership check is viewed as a contribution from the partnership unless the amount contributed is attributed to members of the partnership. Consequently, if a partnership contributes \$500.00 or more in a calendar year and the amount contributed has **not** been attributed to members of the partnership, the partnership is required to register as a committee under the Campaign Finance Act. On the other hand, if the amount contributed has been attributed to members of the partnership, the amount involved does not count toward the \$500.00 registration threshold applicable to the partnership under the Act.

- When the members of a partnership or a limited liability company wish to use a business check to make a contribution to a Candidate Committee, the check must be accompanied by

a written statement containing the name, address, date and amount being contributed by each partner or member. Those individuals whose contributions total more than \$100.00 must also provide their occupation, employer and principal place of business. The recipient committee then reports the amount contributed by each partner or member as a separate contribution received from an individual; the name of the partnership or limited liability company is not listed as contributor.

- As Candidate Committees are not permitted to accept corporate contributions, no part of a contribution made on a partnership check or a limited liability company check may be attributed to an individual partner or membership who is incorporated.
- The amount attributed to an individual partner or member counts toward that individual's contribution limit to the candidate.

PROHIBITED CONTRIBUTIONS

A prohibited contribution must be returned as soon as the committee recognizes that it has received a contribution that cannot be accepted. If a prohibited contribution has been deposited in the committee's account, an expenditure from the account must be made to return the prohibited contribution. If the prohibited contribution has not been deposited, the actual contribution must be returned. If returned within 30 business days, the receipt of the contribution is not considered to be a contribution and is therefore not a violation of Campaign Finance provisions. The following types of contributions are prohibited by the Michigan Campaign Finance Act:

- Anonymous Contributions.

A committee may not accept an anonymous contribution. If a contribution is received without name and address information, it must be donated to a tax exempt charitable organization and a receipt is needed for committee records.

- Cash Contributions.

A committee may not accept contributions of \$20.01 or more in cash. Cash contributions of \$20.00 or less must be reported in detail with name, address, date and amount of each contribution

- Candidate Committee to Candidate Committee

A Candidate Committee must not accept a contribution from another Candidate Committee except for the purchase of a fund raiser ticket, not to exceed \$100.00 from that Candidate Committee in a calendar year.

- Earmarking.

A committee may not accept a contribution with the agreement or arrangement that the committee will transfer the contribution to a particular Candidate Committee. (This practice is commonly called “earmarking” and is strictly prohibited.)

- Foreign Nationals

A foreign national is prohibited by the Federal Election Campaign Act from making any contribution or expenditure (including independent expenditures) in connection with any U.S. elections. It is also unlawful for any person to solicit, accept or receive a contribution from a foreign national.

- Corporations, Joint Stock Companies, Labor Organizations, Domestic Dependent Sovereigns (Indian tribes)

A Candidate Committee may not accept a contribution of money from treasury funds, goods, services, discounts or free use of facilities from a corporation, a joint stock company, a labor organization, or a domestic dependent sovereign.

A corporation, joint stock company, labor union or domestic dependent sovereign may not purchase fund raiser or dinner tickets to Candidate Committee events; may not donate prizes or awards for fund raisers or other events sponsored by or for the benefit of a Candidate Committee; may not provide a discount unavailable to the general public to a Candidate Committee; and may not pay off or forgive a committee debt for a Candidate Committee.

Prohibitions against corporate contributions apply to all types of corporations, including large and small corporations, non-profit and for-profit corporations, professional corporations and sub-chapter S corporations. The only exception is for a corporation formed strictly for political purposes only.

- Prohibition of Campaign Contributions from Persons Holding a Casino Interest

Public Act 69 of 1997 amended the Michigan Casino Revenue and Control Act to prohibit persons having a casino interest in one of the three Detroit casinos from making campaign contributions during certain periods of time. This prohibition is enforced by the Michigan Gaming Control Board. The persons who are prohibited from making contributions are:

1. a casino licensee or a supplier licensee;
2. a person who holds at least a 1% interest in a casino licensee, a supplier licensee or a casino enterprise;

3. a person who is an officer or a managerial employee of the licensee or casino enterprise as defined by rules promulgated by the Casino Gaming Board;
4. a person who is an officer of the person who holds at least a 1% interest in the licensee or casino enterprise;
5. the Independent Committee of a licensee or casino enterprise; and

Prohibited Periods

Casino Licensee - Political contributions may not be made from a date one year prior to applying to the MGCB for a Casino License, and continuing until three years after the license expires. The prohibited period includes all time in between these dates, including the period when the MGCB is still considering a license application.

Supplier Licensee - Political contributions may not be made from the date an application is submitted to the MGCB for a Supplier License, and continuing until three years after the license expires.

Enforcement - A person who makes a prohibited contribution is guilty of a felony, punishable by imprisonment for 10 years and/or a fine of not more than \$100,000.00.

Public Act 71 of 1997 amended the Michigan Campaign Finance Act to provide that a committee shall not knowingly maintain receipt of a contribution from a person prohibited from making a contribution during the prohibited period under Public Act 69.

For purposes of this section of Public Act 71, a committee is only considered to have knowingly maintained receipt of a contribution prohibited under Public Act 69 and is subject to penalty for that violation if both of the following circumstances exist:

- a) The Secretary of State has, by registered mail, notified the committee that the committee has received a contribution in violation of this section and has specifically identified that contribution.
- b) The committee fails to return the contribution identified on or before the thirtieth business day after the date the committee receives the notification.

Returning Contributions

Funds received by a committee which are returned to the contributor **within 30 business days** after their receipt are not viewed as a "contribution" under the Act.

- Funds which are returned to the contributor which have not been deposited in the committee's account are not reported on the next campaign statement required of the

committee.

- Funds deposited in a committee's account which are subsequently returned to the contributor must be reported on the campaign statement covering the period during which the contribution was received and returned.

CANDIDATE'S CONTRIBUTIONS TO OWN COMMITTEE

The following explains the ways a candidate can contribute to his or her Candidate Committee; the procedures which must be followed if a candidate wishes to be reimbursed for funds loaned to or expenses incurred on behalf of his or her Candidate Committee; and the procedures for reporting these transactions.

Direct Contributions

Funds contributed by a candidate to his or her own campaign must be deposited directly into the candidate's committee account. Contributions of money made by a candidate to his or her Candidate Committee are reported as "direct contributions" on the Itemized Contributions Schedule (1A).

A candidate who wishes to have the funds he or she lends to his or her Candidate Committee paid back must report the funds given to the committee as a loan (see below) on a campaign statement.

Loans

Loans of money made by a candidate to his or her own campaign must be deposited directly into the Candidate Committee's bank account. Funds loaned by a candidate to his or her Candidate Committee are reported as both a "Loan From a Person" and as a "Direct Contribution" on the Itemized Contributions Schedule (1A). The loan is also reported on the Debts and Obligations Schedule (1E) if the loan was not repaid to the candidate by the committee during the same reporting period in which the loan was made.

If the committee receives contributions from contributors in excess of the amount needed for expenditures and disposition of other debts and obligations, the candidate can receive repayment on a loan made to his or her Candidate Committee. The loan repayment is reported on the Itemized Expenditures Schedule (1B). If any portion of the loan remains outstanding at the end of the reporting period, the original amount, dates, all payments on the loan, and the ending balance are also reported on the Debts and Obligations Schedule (1E) of each Campaign Statement filed until the total loan has been repaid.

A candidate cannot be repaid for loans made to his or her Candidate Committee unless the transaction has been reported as a loan on the Campaign Statement which covers the period during which the transaction took place.

In-Kind Contributions

A candidate can pay for campaign expenses directly out of his or her own pocket. Campaign purchases made by a candidate with personal funds are in-kind contributions of goods or services to the Candidate Committee. A candidate may be reimbursed for out-of-pocket campaign expenses (in-kind contributions) with committee funds. Reimbursements made by a Candidate Committee for out-of-pocket campaign expenses incurred by the candidate must be reported as detailed below:

Candidate To Be Reimbursed After The Reporting Period In Which The Out-Of-Pocket Purchases Were Made:

- On the campaign statement which covers the period in which the purchases were made by the candidate, the goods and services purchased by the candidate are reported on the Itemized In-Kind Contributions Schedule (1-IK) as in-kind contributions from the candidate. The "Goods or Services Purchased by Candidate - Loan" box is checked to show that the candidate wishes to receive reimbursement for the purchases. A brief description of the goods and/or services that were purchased and the name and address of the vendor from whom the goods or services were purchased are also reported on the schedule. The amount owed by the committee to the candidate at the close of the reporting period is reported on the Debts and Obligations Schedule (1E).
- On the campaign statement which covers the period in which the expenditure is made to reimburse the candidate for the purchases, the reimbursement is reported on the Itemized Expenditures Schedule (1B). The purpose of the expenditure is shown as "Reimbursement for in-kind contribution." A reimbursement for a single purchase over \$50.00 made by the candidate during a previous reporting period is separately itemized on the Itemized Expenditures Schedule (1B) with the name and address of the vendor from whom the purchase was made.
- If the in-kind contribution was for travel expenses and the mileage reimbursement exceeds \$50.00, the number of miles, purpose and date of the trip, reimbursement rate (cents per mile) and the amount must be reported as the description of the in-kind contribution.
- If any portion of the amount owed to the candidate remains outstanding, the detail information regarding payments, original amount and ending balance are shown on the Debts and Obligations Schedule (1E).

Candidate Reimbursed During The Reporting Period In Which The Out-Of-Pocket Purchases Were Made:

- The goods and services purchased by the candidate are reported on the Itemized In-Kind Contributions Schedule (1-IK) as in-kind contributions from the candidate. The “Goods or Services Purchased by Candidate - Loan” box is checked to show that the candidate wished to receive reimbursement for the purchases. A brief description of the goods and services and the name and address of the vendor from whom the goods and services were purchased are also reported on the schedule. The reimbursement is reported on the Itemized Expenditures Schedule (IB) with the purpose shown as "reimbursement for in-kind contributions". If the amount reimbursed is \$50.00 or less, no further detail is required. If the amount of the reimbursement for a single purchase is over \$50.00, a notation can indicate that the detail information is reported on Schedule 1-IK of the same campaign statement.

EXPENDITURES

"Expenditures" are anything of monetary value spent by the Candidate Committee to influence the nomination or election of the candidate or the qualification, passage or defeat of a ballot question.

Recording and Reporting Expenditures

The committee treasurer or designated record keeper must record all expenditures by the amount, date made, purpose, and the name and address of the individual or business that received the funds. A receipt must be obtained for each expenditure of \$50.01 or more made by the committee (a canceled check is acceptable). The purpose of the expenditure must be written on the receipt.

Treasurer's Responsibility

All expenditures must be authorized by the committee treasurer or an agent designated by the treasurer. All expenditures must be substantiated by a receipt or a canceled check with the specific purpose of the expenditure written on it or attached to it. Persons authorized to make committee expenditures do **not** have to be listed on the committee's Statement of Organization.

When a Written Instrument is Required

An expenditure of \$50.01 or more must be made by a written instrument such as a check or money order. The written instrument must show the Candidate Committee name and the name of the recipient. A Candidate Committee may not make expenditures of \$50.01 or more in cash.

Prohibited Expenditures

A Candidate Committee may not lend funds to another Candidate Committee or make an expenditure to or on behalf of another Candidate Committee. A Candidate Committee also may not purchase ads in other candidates' program books. In addition, a Candidate Committee is not permitted to lend funds to the candidate or to any other person.

Petty Cash Fund

The committee treasurer may set up a petty cash fund with funds withdrawn from the committee's official account. Records of payments from the petty cash fund showing the amount, date and purpose of each expenditure must be kept by the committee. Single expenditures of \$50.01 or more must not be made from the petty cash fund.

INCIDENTAL EXPENSE DISBURSEMENTS (OFFICEHOLDERS ONLY)
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“Incidental Expense” means an expenditure that is an ordinary and necessary expense as described in section 162 of the internal revenue code of 1986, 26 U.S.C. 162 (commonly referred to as the Internal Revenue Business Expense Code), paid or incurred in carrying out the business of an elective office.

Public Act 411 of 1994 provides for the elimination of Officeholder Expense Funds and permits an elected public official to use his or her Candidate Committee account to meet incidental office expenses. The Candidate Committee account of a candidate who is holding office may be used to make disbursements to pay for expenses that are incidental to holding that office. The following is a listing of some of the incidental expenses for which disbursements may be made:

- A disbursement necessary to assist, serve, or communicate with a constituent.
- A disbursement to purchase office furniture, equipment and supplies.
- A disbursement for a district office if the office is not used for campaign-related activity.
- A disbursement for the public official or his or her staff, or both, to attend a conference, meeting, reception, or similar event.
- A disbursement to maintain a publicly owned residence or temporary residence at the seat of government.
- An unreimbursed disbursement for travel, lodging, meals, or other expenses incurred by the public official, a member of the public official=s immediate family, or a member of the public official=s staff in carrying out the business of the elective office.
- A donation to a tax-exempt, charitable organization, including the purchase of tickets to charitable or civic events.
- A disbursement to a ballot question committee.
- A purchase of tickets to another Candidate Committee=s fund raiser, not to exceed \$100.00 per Candidate Committee per calendar year. The tickets are to be used by the Candidate whose committee is making the purchase, or by members of his or her immediate family or his or her staff.

- A purchase of tickets to other committee's fund raisers, not to exceed \$100.00 per committee per calendar year. If tickets to fund raising events sponsored by a Political Committee, Independent Committee, Ballot Question Committee or Political Party Committee are purchased as "incidental expenses", those purchases would be limited to \$100.00 per committee per calendar year.
- A disbursement for an educational course or seminar that maintains or improves skills employed by the public official in carrying out the business of the elective office.
- A purchase of advertisements in testimonials, program books, souvenir books, or other publications if the advertisement does not support or oppose the nomination or election of a candidate.
- A disbursement for consultation, research, polling, and photographic services not related to a campaign.
- A fee paid to a fraternal, veteran, or other service organization.
- A payment of a tax liability incurred as a result of authorized transactions by the candidate committee of the public official.
- A fee for accounting, professional, or administrative services for the candidate committee of the public official.
- A debt or obligation incurred by the candidate committee of a public official for a disbursement authorized by one of the incidental expense subdivisions of the Act, if the debt or obligation was reported in the candidate committee report filed for the year in which the debt or obligation arose.

Schedule 1C (Incidental Office Expense Disbursements) is designed to accommodate reporting of incidental expense disbursements as a part of the Candidate Committee's Campaign Statements.

In an Interpretive Statement issued on May 10, 1995 to the Honorable Curtis Hertel, the Department of State concluded that :

"If an officeholder's candidate committee pays for a ticket to a fundraiser sponsored by a candidate committee, independent committee, political party committee, or a political committee and the ticket purchase is an incidental expense, the payment may not exceed \$100.00 per committee in any calendar year. If a candidate committee purchases a fundraiser ticket or makes a contribution to an independent committee, political party committee, or a political committee for the purpose of assisting the candidate's

nomination or election, the \$100.00 limit does not apply. However, the ticket purchase or contribution must tangibly benefit the candidate=s nomination or election.

A candidate committee may purchase a ticket to another candidate committee=s fundraiser as an incidental expense but is otherwise prohibited from contributing to another candidate committee. The ticket purchase may not exceed \$100.00 per committee in a calendar year....

An expenditure by a candidate committee to an independent committee, whether as a direct donation or a purchase of a fundraiser ticket, may only be made if it influences the nomination or election of the candidate whose committee makes the expenditure. Therefore, the candidate and the candidate committee treasurer must be able to specifically substantiate how an expenditure to an independent committee furthers the nomination or election of the candidate...."

If a disbursement is made from the Candidate Committee account as an "incidental expense", it is to be reported on the Schedule 1C, Incidental Office Expense Disbursements. If a disbursement is made from the Candidate Committee account as an "expenditure" to further the nomination or election of the candidate, it is to be reported on Schedule 1B, Itemized Expenditures.

CANDIDATE COMMITTEE AUTOMOBILE EXPENSES

A Candidate Committee may make expenditures for the use of an automobile for campaign purposes, or make incidental office expense disbursements for the use of an automobile for constituent services. There are several choices as to how the automobile expense may be managed. Following is a discussion of acceptable options for candidates subject to the Michigan Campaign Finance Act.

Candidate purchases automobile with **personal** funds.

A candidate who uses his or her personal vehicle for campaign purposes may be reimbursed from the Candidate Committee account. The candidate who is an officeholder may also use a personal vehicle for constituent services and business related to the office held.

- Option 1
If the vehicle is owned by the candidate, he or she may choose to be reimbursed for miles traveled for campaign or business purposes based on a cents per mile rate, such as the IRS standard mileage rate for business miles.
- Option 2
The candidate may choose instead to be reimbursed for a percentage of actual expenses incurred in operating the vehicle, such as monthly car payment, insurance, gasoline, oil, insurance, licensing, tires, batteries, etc. If the vehicle is leased rather than owned, the actual expense percentage method should be used.

With either option, the candidate should maintain a log to document the number of miles driven or percentage of usage of the vehicle.

Candidate Committee purchases or leases the vehicle with **committee** funds.

The candidate may choose to purchase or lease the vehicle, paying for it with funds from the Candidate Committee account.

- Option 1
Actual expenses of operating the vehicle for campaign, business and personal purposes would be paid directly from the committee account. The candidate would keep a log to document personal use of the vehicle and reimburse the committee account for that use. If the vehicle is owned or being purchased by the committee, the reimbursement may be

by either the mileage rate method or the percentage of actual expense method. If the vehicle is leased, the reimbursement should be based on the actual expense percentage method

- Option 2

The candidate would use the committee owned vehicle only for campaign or business purposes and uses a personally owned car for personal business. There would be no need for reimbursement by the candidate to the committee for personal use of the vehicle.

Prior to leasing a vehicle with committee funds, the candidate should verify with the leasing company involved whether the lease can be transferred to the candidate if he or she leaves office prior to the termination of the lease. The Department of State does not offer advice on this matter.

Disposition Of Vehicle When Candidate Is No Longer A Candidate Or Leaves Office.

If the Candidate Committee is purchasing the vehicle and the candidate ceases to hold office or to be a candidate, the committee may sell the vehicle at fair market value (determined by blue book value or by calculating the depreciated value) to anyone, including the candidate or give it to an Independent Committee or Ballot Question committee, political party or a charity. Money from the sale belongs to the committee and can be disposed of in the same manner as any other unexpended funds of the committee. (see “Disposition of Unexpended Funds”, page 58 - 59 of Manual).

If the vehicle is personally owned by the candidate, no disposition of the vehicle would be necessary.

Automobile use of a term limited officeholder who is seeking election to another office.

Scenario: A term limited State Representative is a candidate for State Senate and chooses to purchase rather than lease a vehicle. Can he use the vehicle for legislative business, constituent service and campaigning although two separate committees are involved?

Solution: The State Representative purchases the vehicle using personal funds.

Each committee may reimburse the Representative for miles driven on business for that committee: the State Representative Committee reimbursing for mileage driven for constituent services and legislative business; and the State Senate Committee reimbursing for campaign mileage. A log should be kept to record the number of miles driven and a reimbursement rate set that is the same for each committee.

If the candidate wins election as State Senator, the Senate committee can reimburse him or her for senate business use, constituent service use and campaign use.

If the candidate loses the election, he or she does nothing with the car, since it already belongs to him or her.

Please refer to the Campaign Statement Instructions booklet for instructions on reporting mileage and reimbursements.

TRANSFER OF FUNDS FROM ONE CANDIDATE COMMITTEE TO ANOTHER CANDIDATE COMMITTEE HELD BY THE SAME PERSON
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All contributions that are obtained and used to make expenditures in support or opposition of candidates or ballot issues in Michigan elections must conform to all requirements of the Michigan Campaign Finance Act.

Transfers by Active Candidate Committee

Section 45(1) of the Michigan Campaign Finance Act provides:

“A person may transfer any unexpended funds from 1 candidate committee of that person to another candidate committee of that person if the contribution limits prescribed in section 52 or 69 for the candidate committee receiving the funds are equal to or greater than the contribution limits for the candidate committee transferring the funds and if the candidate committees are simultaneously held by the same person. The funds being transferred shall not be considered a qualifying contribution regardless of the amount of the individual contribution being transferred.”

A transfer of this type can be made anytime and there is no limit on the amount of funds transferred. However, if the funds are raised by the transferring committee after the candidate has filed a Statement of Organization to run for a different office, FIFO (First-In-First-Out), LIFO (Last-In-First-Out), or another generally acceptable accounting method may be used to identify the persons who contributed the transferred funds and the amount of each person’s contribution. The amount attributed to each person must be counted towards that person’s limit on contributions to the candidate committee receiving the transferred funds.

Transfers by a Dissolving Candidate Committee

A Candidate Committee that is being dissolved can *also* transfer unexpended funds from the Candidate Committee that is being dissolved to another Candidate Committee *held by the same person* if the contribution limits for the recipient committee are the same or greater than the contribution limits for the transferring committee.

Upon termination, unexpended funds in the Candidate Committee account that are not eligible for transfer to another Candidate Committee of the person must be disbursed as follows:

- a) given to a Political Party Committee (state central, congressional district or county);
- b) given to a tax-exempt charitable organization as long as the candidate does not become an

officer or director of or receive compensation, either directly or indirectly, from that organization;

- c) returned to contributors of the funds;
- d) if the person was a candidate for the office of State Representative, given to a House Political Party Caucus Committee;
- e) if the person was a candidate for the office of State Senator, given to a Senate Political Party Caucus Committee;
- f) given to an Independent Committee; or
- g) given to a Ballot Question Committee

Transfers by a Term-Limited Candidate

A *term-limited candidate* may also transfer unexpended funds from his or her Candidate Committee to another Candidate Committee held by the same person if the contribution limits prescribed in section 52 or 69 for the candidate committee receiving the funds are equal to or greater than the contribution limits for the candidate committee transferring the funds and if the candidate committees are simultaneously held by the same person.

Funds raised after the General Election at which the officeholder was elected to his or her final term of office that are transferred to a Candidate Committee formed to run for a different state office or for a local office are subject to the contribution limits applicable to the committee receiving the funds. Contributions received by a state level Candidate Committee during a previous election cycle are not subject to this restriction and may be transferred by lump sum. Assets or funds acquired by a local committee prior to March 31, 1997 (when contribution limits were imposed on local elective offices) may not be transferred to a new committee.

For funds raised after the last General Election, FIFO (First-In-First-Out), LIFO (Last-In-Last-Out), or another generally acceptable accounting method may be used to identify the persons who contributed the transferred funds and the amount of each person's contribution. The amount attributed to each contributor must be counted towards that person's limit on contributions to the new Candidate Committee.

Refer to the Chapter on Term Limited Candidates in the Candidate Committee Manual for additional information regarding transfers made by term-limited candidates.

Reporting Transfers

The transferring Candidate Committee will report the transfer of funds on Schedule 1B, Itemized

Expenditures, of the Campaign Statement that covers the period when the transfer took place, indicating the name and address of the new committee receiving the transfer, a notation “transfer of unexpended funds”, and the date and amount of the funds being transferred.

The recipient Candidate Committee must report the transferred funds on its Campaign Statement that covers the date of the transfer. If the funds that are transferred were raised after the last General Election or after filing of a Statement of Organization for a new Candidate Committee, the name of the original contributors as designated using FIFO, LIFO or some other acceptable accounting method, the amount from each person, and the date of the transfer as the date of the contribution must be reported on Schedule 1A, Itemized Contributions.

If the funds that are transferred were raised on or before the day of the last General Election, or before the filing of a Statement of Organization to run for a different office, the recipient Candidate Committee reports the transferred amount as a lump sum on Schedule 1A-1, Itemized Other Receipts. The source is reported as the transferring committee, the type of receipt is indicated as “Other: transfer of unexpended funds” with the date and amount of the total transfer.

If the unexpended funds are being donated to other committees, charitable organizations or returned to individual contributors, the donation must be reported on Schedule 1B, Itemized Expenditures, of the Campaign Statement of the donor committee that covers the period when the donations took place, indicating the name and address of the person or organization receiving the donation, the date and amount of the funds being donated. Each recipient committee will report receipt of the donation from the donor committee on its Itemized Contribution Schedule as it would any other contribution.

Transfer of Other Assets

The remaining value of any transferred assets should be reported as an in-kind expenditure on Schedule 1B-IK of the transferring committee’s Campaign Statement covering the period of the transfer, with the name and address of the recipient, the date of the transfer and the fair market value of the assets as the amount. The recipient committee will report the receipt of the transferred assets as an in-kind contribution on its Itemized Contribution Schedule as “Goods or Services donated” with the name and address of the transferring committee as the contributor, the description as “Transferred assets”, the date of the transfer and the fair market value of the assets as the amount.

Transfer of Debt

Outstanding debt may *not* be transferred from one Candidate Committee to another Candidate Committee. Debt must be paid or (if it qualifies) forgiven prior to dissolution of a committee.

TERM-LIMITED CANDIDATES

In Michigan, the number of terms an individual may serve in a particular elective office is limited by law. At the state level, those offices are:

State House of Representatives:	Three two-year terms
State Senate:	Two four-year terms
Governor	Two four-year terms
Lieutenant Governor	Two four-year terms
Attorney General	Two four-year terms
Secretary of State	Two four-year terms

Term limits for state offices became effective on November 6, 1996. Contact the county clerk of the applicable county for information regarding term limits for city, county, township or village offices.

Authorized Expenditures

An officeholder who is barred from seeking reelection may not use his or her candidate committee to make election related expenditures. An expenditure is defined in MCL 169.206 as the payment or transfer of anything of ascertainable monetary value in assistance of, or in opposition to, the nomination or election of a candidate. An officeholder who is seeking election to a new elective office may not make expenditures for the nomination or election to the new office from the bank account of the Candidate Committee that was used to run for the term limited office.

An officeholder who is constitutionally barred from seeking reelection may make the following types of expenditures or disbursements from his or her existing Candidate Committee bank account:

Pay debts incurred in a previous election cycle, including debt owed to the candidate.

Debt must have been reported on the Campaign Statement that covered the period during which the debt was incurred.

Make disbursements for incidental office expenses.

The Candidate Committee account of a candidate who is holding office may be used to make disbursements to pay expenses that are incidental to holding **that** office. An incidental expense is an expenditure that is an ordinary and necessary business expense, as described in section 162 of the Internal Revenue Code of 1986, that is paid or incurred in carrying out the business of an elective office. (MCL 169.209(1) Please refer to page 34 of this manual for a list of permissible disbursements

Transfer unexpended funds to another Candidate Committee held by the same person.

Unexpended funds may be transferred to another Candidate Committee if the contribution limits for the Candidate Committee receiving the funds are equal to or greater than the contribution limits for the Candidate Committee transferring the funds, and if the Candidate Committees are simultaneously held by the same person (MCL 169.245).

Funds raised on or after the General Election at which the officeholder was elected to his or her final term of office that are transferred to a Candidate Committee formed to run for a different state office or for a local office are subject to the contribution limits applicable to the committee receiving the funds. Contributions received by a state level Candidate Committee during a previous election cycle are not subject to this restriction and may be transferred by lump sum. Assets or funds acquired by a local committee prior to March 31, 1997 (when contribution limits were imposed on local elective offices) may not be transferred to a new committee.

For funds raised after the last General Election, LIFO (Last-In-First-Out) or another generally acceptable accounting method may be used to identify the persons who contributed the transferred funds and the amount of each person's contribution. The amount attributed to each contributor must be counted towards that person's limit on contributions to the new Candidate Committee.

The following examples illustrate the application of LIFO to funds transferred from the Candidate Committee of a term limited officeholder to a committee the officeholder has formed to run for a new office. In each example, the transferring committee is the Candidate Committee of a term limited state representative. However, the same principle would apply to any officeholder who is barred from seeking reelection; who receives contributions during their final term of office; and who transfers those funds to a Candidate Committee formed to run for a different state or local office.

Examples

A state representative's existing Candidate Committee is subject to contribution limits of \$500 for contributions from individuals and \$5,000 for contributions from Independent Committees and Political Party Committees. The Candidate Committee has accepted the following contributions during the election cycle that began on November 6, 1998:

Contributor	Date of Contribution	Amount of Contribution
Andy Andrews	Dec 17, 1998	\$500
David Davidson	Feb 10, 1999	\$250
ABC Committee	Apr 15, 1999	\$2,500
Good Government PAC	Apr 15, 1999	\$3,000
Janet Johnson	Apr 15, 1999	\$250
Sally Smith	May 25, 1999	\$500
Greg Gardner	Jun 23, 1999	\$500
County Political Party	Jun 18, 1999	\$5,000
Lakeshore PAC	Jul 11, 1999	\$4,000

Scenario I

A state representative has formed a new Candidate Committee to run for a city office. The contribution limits for the city office are equivalent to those of the existing state representative Candidate Committee: \$500 for contributions from individuals and \$5,000 for contributions from Independent Committees and Political Party Committees.

On July 15, 1997, the state representative transfers \$10,000 from the existing committee to the newly formed Candidate Committee for local office. The contributors of the transferred funds are identified through LIFO (Last-In-First Out) as Lakeshore PAC, County Political Party Committee, Greg Gardner and Sally Smith. Smith, Gardner and the Political Party Committee may not make additional contributions to the new candidate committee since they have reached their contribution limit. Lakeshore PAC may contribute an additional \$1,000 during the election cycle.

If FIFO (First-In-First-Out) is used to identify the contributors, the contributors would be Andy Andrew, David Davidson, ABC Committee, Good Government PAC, Janet Johnson, Sally Smith, Greg Gardner and the County Political Party. Andrews, Smith, Gardner and the Political Party may not make additional contributions to the new committee. Davidson and Johnson could each contribute an additional \$250.00. ABC Committee and Good Government PAC could make additional contributions to bring their totals to \$5,000.00 each.

Scenario II

A state representative forms a new Candidate Committee to run for the state senate. The contribution limits for the senate office are \$1,000 for contributions from individuals and \$10,000 for contributions from Independent Committees and County Political Party Committees, twice as much as the state representative's existing Candidate Committee.

On September 1, 1997, the state representative transfers \$10,000 to the newly formed senate Candidate Committee. The contributors of the transferred funds are identified through LIFO as Lakeshore PAC, County Political Party Committee, Greg Gardner and Sally Smith. Smith and Gardner may each contribute an additional \$500 to the Candidate Committee for state senate. The County Political Party committee may make an additional contribution of \$5,000. Lakeshore PAC may contribute an additional \$6,000.

The contributors identified using FIFO would be Andy Andrew, David Davidson, ABC Committee, Good Government PAC, Janet Johnson, Sally Smith, Greg Gardner and the County Political Party. Each could make additional contributions to bring the total for the individuals to \$1,000.00 each and to \$5,000 for the 2 PACs and the County Political Party.

Please note that assets purchased with funds of the pre-existing Candidate Committee, such as office furniture, equipment and supplies may also be transferred to the new committee on the same basis; that is, if the contribution limits for the Candidate Committee receiving the asset are equal to or greater than the contribution limits for the Candidate Committee transferring them, and if the Candidate Committees are simultaneously held by the same person.

If the officeholder's existing Candidate Committee is subject to contribution limits of \$1,000 or \$3,400 for contributions from individuals and \$10,000 or \$34,000 from Independent Committees and Political Party Committees, **no** funds or other assets may be transferred to the new committee if the new committee is subject to a lower contribution limit.

- Transfers to Other Committees, Charitable Organizations and Individual Contributors

Unexpended funds that are not eligible for transfer may be:

1. Given to a Political Party Committee;
2. Given to a tax exempt charitable institution, as long as the candidate does not become an officer or director of or receive compensation, either directly or indirectly, from that organization.
3. Returned to contributors.

4. Given to a House political party caucus committee, if the person was a candidate for State Representative. (Limit \$20,000.00)
5. Given to a Senate political party caucus committee, if the person was a candidate for State Senate. (Limit \$20,000.00)
6. Given to an Independent Committee.
7. Given to a Ballot Question Committee.

Reporting the Transfer or Other Disposition of Unexpended Funds

The transferring Candidate Committee will report the transfer of funds on Schedule 1B, Itemized Expenditures, of the Campaign Statement that covers the period when the transfer took place, indicating the name and address of the new committee receiving the transfer, a notation “transfer of unexpended funds”, and the date and amount of the funds being transferred.

The recipient Candidate Committee must report the transferred funds on its Campaign Statement that covers the date of the transfer. If the funds that are transferred were raised after the last General Election, the name of the original contributors as designated using LIFO or some other acceptable accounting method, the amount from each person, and the date of the transfer as the date of the contribution must be reported on Schedule 1A, Itemized Contributions.

If the funds that are transferred were raised on or before the day of the last General Election, the recipient Candidate Committee reports the transferred amount as a lump sum on Schedule 1A-1, Itemized Other Receipts. The source is reported as the transferring committee, the type of receipt is indicated as “Other: transfer of unexpended funds” with the date and amount.

If the unexpended funds are being donated to other committees, charitable organizations or returned to individual contributors, the donation must be reported on Schedule 1B, Itemized Expenditures, of the Campaign Statement of the transferring committee that covers the period when the donations took place, indicating the name and address of the person or organization receiving the donation, the date and amount of the funds being donated. Each recipient committee will report receipt of the donation from the transferring committee on its Itemized Contribution Schedule.

The remaining value of any transferred assets should be reported as an in-kind expenditure on Schedule 1B-IK of the transferring committee’s Campaign Statement covering the period of the transfer, with the name and address of the recipient, the date of the transfer and the fair market value of the assets as the amount. The recipient committee would report the receipt of the transferred assets as an in-kind contribution on its Itemized Contribution Schedule as “Goods or Services donated” with the name and address of the transferring committee as the contributor,

the description as “Transferred assets”, the date of the transfer and the fair market value of the assets as the amount.

Dissolution

The candidate committee of an officeholder who is barred from seeking reelection may be dissolved by filing a dissolution statement if it is determined that the committee will no longer receive funds or make expenditures. A committee may not dissolve if it has assets, outstanding debts, or unpaid late filing fees. (Please refer to page 68 for information regarding dissolution of a committee.)

Note: While the above information provides significant information regarding term limited candidates, it by no means represents an answer or final position to every question that may arise. Individual cases will undoubtedly possess their own unique traits and while fair, proper and uniform application is always the objective, a case-by-case review and analysis may be required. Please contact the Bureau of Elections if you have specific questions.

USE OF INDEPENDENT CONTRACTORS

A Candidate Committee that contracts with an agent or an independent contractor to make expenditures on its behalf must disclose the expenditures made to and by the agent or independent contractor as detailed below.

- Agents and independent contractors typically employed by committees are: political consultants; public relations consultants; political consulting firms; public relation firms; media buyers; advertising agencies; and marketing firms.
- Services typically provided to Candidate Committees by agents and independent contractors are: purchasing radio and television time; producing radio and television spots; producing or purchasing still photographs; producing or purchasing printed materials; producing or purchasing buttons, hats, bumper stickers, and other campaign materials; conducting polls and surveys; purchasing mail lists; conducting direct mail activities; and employing temporary help.

Expenditures by Committee to An Agent or Independent Contractor

The total of each expenditure made by a Candidate Committee to an agent or independent contractor must be reported on the Itemized Expenditures Schedule (IB) of the campaign statement which covers the reporting period in which the expenditure was made.

Expenditures Made by An Agent or Independent Contractor on Behalf of Committee

In addition to the above, each expenditure made by an agent or independent contractor on behalf of a Candidate Committee must be disclosed with the campaign statement which covers the reporting period in which the expenditure was made if:

- 1) the expenditure is one that the committee would have made itself, or
- 2) the expenditure was made to a subcontractor supplying services to the agent or independent contractor.

To enable committees to meet this disclosure requirement, the Campaign Finance Act, MCL 169.243, requires agents and independent contractors working for a committee to provide the committee with a listing of the expenditures made on the committee's behalf. Agents and subcontractors are **not** required to provide an accounting of funds received from a committee which are taken as a profit or used to meet normal operating expenses. Expenditure listings supplied to a committee by an agent or independent contractor must list the name and address of

each individual or business that received more than \$50.00 through a single expenditure or through a series of expenditures made by the agent or independent contractor during the campaign statement reporting period, the purpose and amount of each expenditure, and the date each expenditure was made. Single or cumulative expenditures of \$50.00 or less made by an agent or independent contractor to an individual or business during the campaign statement reporting period can be shown as a lump sum.

If the independent contractor sub-contracts the work to another person, itemization is also required from the sub-contractor to report the names and addresses, dates and amounts for expenditures made by the sub-contractor on behalf of the Candidate Committee

FUND RAISERS

A Candidate Committee that does not have a Reporting Waiver is required to file with each required Campaign Statement a Fund Raiser Schedule (1F) for each fund raising event held during the reporting period. To ensure that appropriate records are kept at fund raising events, the committee's treasurer or designated record keeper should familiarize him or herself with the information required on the form **before** any fund raisers are held.

A committee planning a fund raiser should consult with local governmental units, the liquor commission and the Bureau of State Lottery for necessary licenses or permits prior to the event.

All contributions and expenditures for a fund raiser must be reported in detail the Campaign Statement that covers the period during which the fund raiser is held. Please refer to the Candidate Committee Campaign Statement Instructions booklet for specific instructions and examples for reporting contributions, other receipts, expenditures and debt relative to fund raisers.

JOINT FUND RAISERS

Candidates who wish to hold a joint fund raiser must adhere to the following procedures to avoid violations of Michigan's Campaign Finance Act.

Written Agreement

A written agreement must be developed by the Committees that plan to participate in the joint fund raiser. The treasurer of each of the participating Committees must keep a copy of the agreement with the committee's records. A Candidate Committee participating in the joint fund raiser is **not** required to file the agreement with its filing official.

- The written agreement must describe what each committee's contribution and expenditure share will be. Contribution and expenditure shares must be expressed as percentages. **A committee's expenditure share must equal the committee's contribution share.** For example: "The ABC Committee will receive 60 percent of the contributions received at the fund raiser and will make 60 percent of the expenditures necessary to hold the fund raiser. The XYZ Committee will receive 40 percent of the contributions received at the fund raiser and will make 40 percent of the expenditures necessary to hold the fund raiser."
- The written agreement must detail how expenditures will be handled. Expenditures can be

handled in two ways: Under the first method, each committee agrees to pay its expenditure share at the time each expenditure is made or billed. Under the second method, one of the committees agrees to make all of the expenditures and the other committee(s) agree to provide the necessary reimbursement. The reimbursements must be made within a reasonable period of time and must correspond to the agreed upon expenditure split.

- The written agreement must detail how contributions and other receipts will be handled. In handling the funds, the committees must agree to open a joint account in a bank, credit union or savings and loan association for the deposit of all contributions and other receipts related to the fund raiser.
- Funds deposited in the joint account are then transferred, without delay, into the committees' official depository accounts. The fund transfers must correspond to each committee's agreed upon contribution share. Expenditures cannot be made from the joint account established by the committees for the fund raiser. Each of the committees participating in the joint fund raiser must amend its Statement of Organization to reflect the establishment of a "secondary depository." The Statement of Organization amendment must be made no later than the due date of the next campaign statement required of the participating committees after establishment of the account.

Advertising the Event

Advertisements and invitations for a joint fund raising event must include the information detailed below.

- An explanation that the event to be held is a joint fund raiser. The explanation must include the names of the participating committees, the names of the participating candidates and the offices sought by the participating candidates.
- What each participating committee's contribution share will be. If any of the participating committees are subject to contribution limitations, the contributors should be reminded to use the contribution share information to gauge whether they are exceeding the applicable contribution limitation.
- An identification statement stating, "Paid for by" with the names and addresses of each of the sponsoring committees.
- Specific instructions on how checks should be made out to the fund raising event.

Record Keeping and Reporting Requirements

The treasurers or the designated record keepers of the committees that participate in a joint fund raiser must carefully record the expenditures made for the event and the contributions and other receipts received in connection with the event. Participating committees that are required to file

Campaign Statements must accurately report the recorded information. Participating committees that maintain a Reporting Waiver are not required to report the recorded information. Record keeping and reporting requirements related to joint fund raising events are detailed below.

- Each participating committee **records** the name and address of each contributor, the date of the contributor's contribution, and the amount the committee received from the contributor's contribution.
- A participating committee **reports** the name and address of each contributor. The date the contributor made the contribution is also reported. Each committee reports only the proportional amount of the contributor's contribution received by that committee, not the entire amount of the contribution.
- If one of the participating committees has been designated to make all of the expenditures related to the fund raiser, the designated committee must itemize all expenditures that exceed \$50.00. When reporting these expenditures, the committee must specify, under the "Purpose" column on the itemized Expenditures Schedule (1B), that the expenditures were related to a joint fund raiser. When the other participating committees reimburse the committee that reports the expenditures, the reimbursements are reported as "Other Receipts" on the Itemized Other Receipts Schedule (1A-1). When reporting a reimbursement as an "Other Receipt," the committee must check the "miscellaneous" box and indicate that the "other receipt" was a reimbursement received in connection with a joint fund raiser.
- The committees that provide reimbursement for the expenditures must report the purpose of the expenditure as reimbursement for joint fund raiser expenses. If the amount a committee must reimburse for any given expenditure made for the fund raiser exceeds \$50.00, the reimbursement for the expenditure must be separately itemized on the Itemized Expenditures Schedule (1B) with the following information entered in the "Purpose" column: (1) an explanation that the amount expended was reimbursement for a joint fund raiser expense, and (2) the name and address of the person originally paid by the committee being reimbursed.
- If each participating committee pays its share of the expenditures as they arise, the committee must report its respective share of each expenditure. If a participating committee's share of any given expenditure exceeds \$50.00, the expenditure share must be itemized on the Itemized Expenditures Schedule (1B).
- A committee that participates in a joint fund raiser must complete a Fund Raiser Schedule (1F) to document the event. The Fund Raiser Schedule must indicate that the event held was a joint fund raiser and show the share of contributions received by the committee and the share of expenditures made by the committee in connection with the event. The Fund Raiser Schedule is included with the next campaign statement required of the committee.

Additional Notes on Joint Fund Raisers

- Should a candidate who participated in a joint fund raiser decide not to run for office, the funds received by his or her committee from the joint fund raiser must be given to a tax exempt charitable institution, contributed to a Political Party Committee or returned to the contributors who gave the funds. The funds **cannot** be given to the other candidates who participated in the fund raiser.
- Corporations and labor unions may not contribute to fund raisers from treasury funds. Contributions and ticket purchases must be made from their separate segregated funds.
- Each contributor to a joint fund raising event must make a contribution to each of the participating Candidate Committees in the ratio publicized to the contributors; the contributor may not choose to allocate his or her contributions differently.
- A Candidate Committee may hold a joint fund raiser with a Political Committee, Independent Committee, Political Party Committee or a tax exempt non-corporate charitable organization as long as the percentage of the expenditures paid by the Candidate Committee in connection with the event do not exceed the percentage of the contributions the Candidate Committee receives from the event. The percentage of the expenditures paid by the co-sponsoring organizations in connection with a joint fund raising event held with a Candidate Committee may **exceed** the percentage of the contributions the co-sponsor receives from the event.
- Applicable contribution limits apply to this arrangement. A charitable or political party organization must register as a committee under the Campaign Finance Act as soon as it contributes \$500.00 or more to state and local candidates.
- A state or local Candidate Committee may hold a joint fund raiser and a federal Candidate Committee as long as the percentage of the expenditures paid by the state or local Candidate Committee in connection with the event does not exceed the percentage of the contributions the state or local Candidate Committee receives from the event. (This is the same principle that applies when two or more state or local Candidate Committees hold a joint fund raiser.) As a federal Candidate Committee can contribute to a state or local Candidate Committee, the percentage of the expenditures paid by a federal Candidate Committee in connection with a joint fund raising event held with a state or local Candidate Committee **may exceed** the percentage of the contributions the federal Candidate Committee receives from the event. Applicable contribution limits apply to this arrangement. A federal Candidate Committee must register as a committee under the Campaign Finance Act as soon as it contributes \$500.00 or more to a state or local candidate.

IDENTIFICATION REQUIREMENT

The Act requires all paid advertisements having reference to an election, a candidate or a ballot question to contain an identification statement and, if applicable, a disclaimer Statement. **An individual other than a candidate is not subject to this provision if the individual is acting independently and not acting as an agent for a candidate or any committee.** The identification must be clear to the reader or listener and worded as follows:

- All printed matter including yard signs, brochures, billboards, poll cards, fund raiser tickets, stationery, etc., must contain: "Paid for by (name and address of person, group or committee paying for the matter)."
- A written advertisement for a candidate that is not made under the direction of or with the written consent of his or her Candidate Committee must contain: "Paid for by (name and address of person, group or committee paying for the matter). Not authorized by the Candidate Committee of (candidate's name)."
- All political advertisements broadcast by television or radio must contain: "Paid for by (name of person, group or committee paying for the advertisement)."
- Broadcast time purchased for a candidate **without** the consent of his or her Candidate Committee must contain: "Paid for by (name of person, group of committee paying for the advertisement). Not authorized by any candidate."
- Broadcast time purchased for a candidate **with** the consent of his or her Candidate Committee must contain: "Paid for by (name of person, group or committee paying for the advertisement). Authorized by (name of candidate or name of Candidate Committee)."
- The identification requirements of the Act do not apply to video tapes produced by political candidates and cable cast on a public access channel if use of the public access video taping equipment and the public access time is free. The identification requirements only apply to paid political advertisements.

Exemptions:

Certain items are exempt from the identification requirement. Following is a listing of the exempted items:

aerial banners	ashtrays
badges & badge holders	balloons
bingo chips	bumper stickers (4" x 15" smaller)
brushes	candy wrappers (1 1/2 x 2 1/2" or smaller)
buttons	cigarette lighters
campaign stickers (3" x 1 1/2" or smaller)	clothing
clothes pins	coasters
cloth pot holders	cups
combs	earrings
drinking glasses	envelopes
emery boards	fortune cookie messages (1/2" x 2" or smaller)
erasers	golf balls
frisbees	hats
golf tees	ice scrapers
horns	key rings
jar lid grippers	labels
knives	magnifying glasses
lapel pins/stickers	nail clippers
matchbooks	noisemakers
paper & plastic cups	paper & plastic plates
paper weights	pencils
pendants	pennants
pens	pinwheels
plastic tableware	pocket protectors
refrigerator magnets	ribbons
shoe horns	staple removers
sun glasses	sun visors
sweatshirts	swizzle sticks
t-shirts	whistles
wooden nickels (approx. size of 5-cent coin)	wooden rulers (12" or smaller)
yo-yo's	

Committee Address Change

A Candidate Committee which has filed an amendment to its Statement of Organization to show a committee change of address is not required to note the change of address on printed matter it previously purchased as long as the printed matter contains an identification statement that was correct at the time the printed matter was produced. The committee may use a Post Office Box address if the Post Office Box is listed on the committee's current Statement of Organization .

PUBLIC BODIES

(MCL 169.257(1)) A public body or an individual acting for a public body shall not use or authorize the use of funds, personnel, office space, property, stationery, postage, vehicles, equipment, supplies, or other public resources to make a contribution or expenditure or provide volunteer personal services that are excluded from the definition of contribution under Section 4(3)(a). This means that a public body may not expend public funds, use, or allow the use of, public personnel, equipment, supplies or facilities to further the nomination or election of a candidate or the qualification, passage or defeat of a ballot question.

The prohibition does **not** apply to any of the following:

- The expression of views by an elected or appointed public official who has policy making responsibilities.
- The production or dissemination of factual information concerning issues relevant to the function of the public body.
- The production or dissemination of debates, interviews, commentary, or information by a broadcasting station, newspaper, magazine, or other periodical or publication in the regular course of broadcasting or publication.
- The use of a public facility owned or leased by, or on behalf of, a public body if any candidate or committee has an equal opportunity to use the public facility.
- The use of a public facility owned or leased by or on behalf of, a public body if that facility is primarily used as a family dwelling and is not used to conduct a fund-raising event.
- An elected or appointed public official or an employee of a public body who, when not acting for a public body but is on his or her own personal time, is expressing his or her own personal views, is expending his or her own personal funds, or is providing his or her own personal volunteer services.

A public body is defined in the Campaign Finance Act as 1 or more of the following:

- (a) A state agency, department, division, bureau, board, commission, council, authority, or other body in the executive branch of state government.

- (b) The legislature or an agency, board, commission or council in the legislative branch of state government.
- (c) A county, city, township, village, intercounty, intercity, or regional board; a council, school district, special district, or municipal corporation; or a board, department, commission, or council or an agency of a board, department, commission, or council.
- (d) Any other body that is created by state or local authority or is primarily funded by or through state or local authority, which body exercises governmental or proprietary authority or performs a government or proprietary function.

A person who knowingly violates this section of the Campaign Finance Act is guilty of a misdemeanor punishable, if the person is an individual, by a fine of not more than \$1,000.00 or imprisonment for not more than 1 year, or both, or if the person is not an individual, by 1 of the following, whichever is greater:

- (a) A fine of not more than \$20,000.00.
- (b) A fine equal to the amount of the improper contribution or expenditure.

MICHIGAN ELECTION PARTICIPATION BY OUT-OF-STATE GROUPS

Receipt of Out-of-State Contributions

A committee registered under Michigan's Campaign Finance Act may accept out-of-state contributions. A statement must be included with any out-of-state contribution if the contributing group is not registered as a committee under the Act. The statement must give the date the contribution was made, the amount of the contribution, the full name and address of each person or committee contributing to the contribution and the occupation, employer and principal place of business of each person contributing \$100.01 or more of the contribution. The statement must also include language to the effect that the contribution involved was not made from an account containing funds provided by a corporation, joint stock company, labor organization or domestic dependent sovereign. An officer of the contributing group or other contributing person must certify the statement as true and correct.

A committee registered under Michigan's Campaign Finance Act may not accept a contribution from an out-of-state group unless the statement is submitted with the contribution. The statement must be included with the next Campaign Statement required of the recipient committee. All candidate contribution limitations provided under the Campaign Finance Act apply to out-of-state groups.

Out-of-State Groups Covered by Campaign Finance Act

Michigan's Campaign Finance Act requires a group operating out-of-state to form and register a Michigan committee as soon as it receives or spends \$500.00 or more in a calendar year to influence voters for or against the nomination or election of one or more candidates in Michigan or the qualification, passage or defeat of one or more ballot questions in Michigan. Contributions that apply toward the \$500.00 threshold include contributions to Candidate Committees as well as any contributions made to Independent, Political, Political Party and Ballot Question Committees.

An out-of-state group must form and register a "committee" under the Act within ten (10) calendar days after it reaches the \$500.00 threshold discussed above. To register, the committee files a Statement of Organization form. After registering, the committee files Campaign Statements as required to disclose its political activity.

A group that registers under the Campaign Finance Act is no longer required to submit certified statements with its contributions as discussed under "Receipt of Out-of-State Contributions" above.

DISSOLUTION OF CANDIDATE COMMITTEES

The Campaign Finance Act specifies when and under what conditions a Candidate Committee may be dissolved. A dissolved committee has no further filing obligations under the Act. A candidate is encouraged to dissolve his or her Candidate Committee as soon as the committee is eligible for dissolution.

- To be eligible for dissolution, a committee must have no assets or outstanding debts. An unpaid late filing fee is considered to be a committee debt and must be paid before the committee can be dissolved. An officeholder cannot dissolve his or her Candidate Committee until his or her term of office expires. An exception to this provision exists for officeholders who are not qualified to seek reelection. Further information on this exception can be obtained from the Department of State's Bureau of Elections in Lansing.
- If the committee has maintained a Reporting Waiver, it is dissolved by filing a single-page Dissolution Statement. On the Statement, the candidate and committee treasurer or designated record keeper verify that:
 - 1) the committee obtained a Reporting Waiver by checking Item 10 on its Statement of Organization or on an amendment to its Statement of Organization;
 - 2) did not receive or spend more than \$1,000.00 for any election after obtaining the Reporting Waiver;
 - 3) has no outstanding late filing fees or other debts; and
 - 4) has no remaining assets.
- If the committee does not have a Reporting Waiver, it is dissolved by filing a final campaign statement with supporting Schedules. A Dissolution Campaign Statement can be combined with a Post Election or Annual Campaign Statement required of the committee as long as the committee dissolves on or before the closing date of the campaign statement. A Dissolution Campaign Statement must open on the day after the closing date of the last campaign statement filed by the committee and close on the date of the committee's dissolution.

Disposition of Unexpended Funds

Section 45(1) of the Campaign Finance Act permits a candidate to transfer unexpended funds from a Candidate Committee that is being dissolved to another Candidate Committee held by the same person if the contribution limits for the recipient committee are the same or greater than the

contribution limits for the transferring committee.

Unexpended funds in the Candidate Committee account that are not eligible for transfer to another Candidate Committee of the person must be disbursed as follows:

- a) given to a Political Party Committee (state central, congressional district or county);
- b) given to a tax exempt charitable organization as long as the candidate does not become an officer or director of or receive compensation, either directly or indirectly, from that organization;
- c) returned to contributors of the funds;
- d) if the person was a candidate for the office of State Representative, given to a House Political Party Caucus Committee;
- e) if the person was a candidate for the office of State Senator, given to a Senate Political Party Caucus Committee;
- f) given to an Independent Committee; or
- g) given to a Ballot Question Committee.

Automatic Dissolution

- A committee with a Reporting Waiver that is maintained by an officeholder will be automatically dissolved by the filing official when the officeholder vacates office.
- A committee with a Reporting Waiver that is maintained by an individual who seeks office will be automatically dissolved by the filing official if the individual is defeated in the election.

A committee with a Reporting Waiver is not eligible for automatic dissolution if the committee received or spent over \$1,000.00 for the election or has outstanding assets or debts (includes late filing fees).

A committee that qualifies for automatic dissolution will not be dissolved if the candidate expresses a desire, in writing, to keep the committee active.

A Candidate Committee that has not been dissolved and does not have a Reporting Waiver must file an Annual Campaign Statement each year unless eligible for an Annual Campaign Statement filing exemption.

DECLARATORY RULINGS AND INTERPRETIVE STATEMENTS

The Department of State responds to questions regarding the application of the Michigan Campaign Finance Act by two methods:

- The most formal procedure is a Declaratory Ruling. A Declaratory Ruling is issued when a request for a Ruling concerns a specific, factual situation. The request must be made by a person who will be directly affected by the Ruling. The Ruling is binding on the Secretary of State and on the person requesting the Ruling unless modified or set aside by a court. A person requesting a Declaratory Ruling should:
 - State that a Declaratory Ruling is being requested.
 - Indicate the specific, existing set of facts involved.
 - Cite, if known, the legal authority upon which the request is based.
- Less formal than a Declaratory Ruling is an Interpretive Statement. An Interpretive Statement is issued when a request for a Declaratory Ruling is not specific enough to warrant a Ruling or when a request concerns a hypothetical situation. Interpretive Statements are also issued when a request for information is received which is significant for the general public but does not come in the form required for a Declaratory Ruling. An Interpretive Statement does not have the force and effect of law and is merely explanatory. A person requesting an Interpretive Statement should state the question as specifically and clearly as possible.

The Campaign Finance Act requires that the Department of State observe the following timetable when a proper request for a Declaratory Ruling is received:

- The Declaratory Ruling request is made available for public inspection within 48 hours after its receipt.
- Written comments on the Declaratory Ruling request are accepted from interested parties up to 10 business days after the request is received.
- A proposed response to the Declaratory Ruling request is made available for public inspection within 45 business days after the request is received.
- Written comments on the proposed response to the Declaratory Ruling request are accepted from interested parties up to 5 business days after the proposed response is made available to the public.
- The Declaratory Ruling is issued within 60 business days after the request for the ruling

is received.

Under extenuating circumstances, the Department of State may extend the above timetable for 30 business days. A person who requests a Declaratory Ruling has the authority to waive the 60-day timetable.

Mail all requests for Declaratory Rulings and Interpretive Statements to:

Michigan Department of State
Bureau of Legal Services
Compliance and Rules Division
Mutual Building 3rd Floor
208 N. Capitol Ave.
Lansing, Michigan 48918- 2170
(517) 373-8252

COMPLAINT PROCESS

If you believe someone has violated the Michigan Campaign Finance Act (the MCFA), you may file a written complaint with the Department of State (the Department). The complaint must include all of the following:

- Your name, address and telephone number.
- The alleged violator's name and address.
- A description in reasonable detail of the alleged violation, including the section or sections of the MCFA you believe were violated, an explanation of how you believe the MCFA was violated, and any other pertinent information.
- Evidence that supports your allegations.
- A certification that:

To the best of your knowledge, information, and belief, formed after a reasonable inquiry under the circumstances, each factual contention of the complaint is supported by evidence.

- However, in addition, if after a reasonable inquiry under the circumstances, you are unable to certify that certain specifically identified factual contentions of the complaint are supported by evidence, you may also certify that:

To the best of your knowledge, information, or belief, there are grounds to conclude that those specifically identified factual contentions are likely to be supported by evidence after a reasonable opportunity for further inquiry.

- Your signature immediately after the certification or certifications.

If you wish to have your complaint considered, it must include all of the above information. The Department may dismiss your complaint if any item is not included, or if the complaint is determined to be frivolous, illegible, or indefinite. If the complaint is dismissed, both you and the alleged violator will be notified.

A form for filing a complaint may be obtained from the Bureau of Elections, P.O. Box 20126, Lansing, MI 48901-0726, or on the Department's web site at <http://www.michigan.gov/sos>

The completed form should be sent to the following address:

Michigan Department of State
Compliance and Rules Division
Mutual Building, 3rd Floor
208 N. Capitol Avenue
Lansing, MI 48918
Telephone: (517) 373-8252

If your complaint meets the above requirements, the Department will notify the alleged violator that a complaint has been filed. The notification will include a copy of your complaint. The alleged violator will have an opportunity to file a response. You will have an opportunity to file a rebuttal to any response. You and the alleged violator will receive periodic reports about the actions taken by the Department concerning your complaint.

If the Department finds no reason to believe that your allegations are true, your complaint will be dismissed.

If the Department finds that there may be reason to believe your allegations are true, the Department must attempt to correct the violation or prevent further violations by informal methods such as a conference, conciliation, or persuasion, and may enter into a conciliation agreement with the alleged violator.

If the Department is unable to correct the violation or prevent further violations informally, an administrative hearing may be held to determine whether a civil violation of the MCFA has occurred, or the matter may be referred to the Attorney General for the enforcement of criminal penalties. An administrative hearing could result in the assessment of a civil penalty. Such a hearing would be conducted in accordance with the Michigan Administrative Procedures Act. An order issued as a result of such a hearing may be appealed to the appropriate circuit court.

WARNING: Section 15(8) of the MCFA (MCL 169.215) provides that a person who files a complaint with a false certification is responsible for a civil violation of the MCFA. Under section 15(14) of the MCFA (MCL 169.215), the Secretary of State may require a person who files a complaint with a false certification to:

- Pay the Department some or all of the expenses incurred by the Department as a direct result of the filing of the complaint.
- Pay the alleged violator some or all of the expenses, including, but not limited to, reasonable attorney fees, incurred by that person as a direct result of the filing of the complaint.
- Pay a civil fine of up to \$1,000.00.

If you have any questions about the complaint process, please write or call the Compliance and Rules Division.

**Michigan Department of State
Campaign Finance Complaint Form**

This complaint form may be used to file a complaint alleging that someone violated the Michigan Campaign Finance Act (the MCFA, 1976 PA 388, as amended; MCL 169.201 *et seq.*).

Please print or type all information.

I allege that the MCFA was violated as follows:

Section 1. Complainant		
Your Name		Daytime Telephone Number
Mailing Address		
City	State	Zip

Section 2. Alleged Violator		
Name		
Mailing Address		
City	State	Zip

Section 3. Alleged Violations (Use additional sheet if more space is needed.)
--

Section(s) of the MCFA violated:

Explain how those sections were violated:

Evidence that supports those allegations (attach copies of pertinent documents and other information):

Section 4. Certification (Required)

I certify that to the best of my knowledge, information, and belief, formed after a reasonable inquiry under the circumstances, each factual contention of this complaint is supported by evidence.

X

Signature of Complainant

Date

Section 5. Certification without Evidence (Supplemental to Section 4)

Section 15(6) of the MCFA (MCL 169.215) requires that the signed certification found in section 4 of this form be included in every complaint. However, if, after a reasonable inquiry under the circumstances, you are unable to certify that certain factual contentions are supported by evidence, you may also make the following certification:

I certify that to the best of my knowledge, information, or belief, there are grounds to conclude that the following specifically identified factual contentions are likely to be supported by evidence after a reasonable opportunity for further inquiry. Those specific contentions are:

X

Signature of Complainant

Date

Section 15(8) of the MCFA provides that a person who files a complaint with a false certification is responsible for a civil violation of the MCFA. The person may be required to pay a civil fine of up to \$1,000.00 and some or all of the expenses incurred by the Michigan Department of State and the alleged violator as a direct result of the filing of the complaint.

Mail or deliver the completed complaint form and evidence to the following address:

Michigan Department of State
Compliance and Rules Division
Mutual Building – Third Floor
208 N. Capitol Avenue
Lansing, Michigan 48918

REFERENCE TELEPHONE NUMBERS FOR COMMITTEES

Tax Questions

Federal:

For information on the following questions:

- Federal Withholding on Campaign Workers
- Independent Contractor Rules
- Federal filing and deposit requirements for payroll tax returns

To request assistance with preparation of a form: call **1-800- 829-1040**

To receive the following forms, call **1-800-829-3676** or visit the closest Internal Revenue Service Office.

Forms may be downloaded from the Internal Revenue Service website at
http://www.irs.ustreas.gov/prod/forms_pubs/index.html

The forms may also be obtained by writing to the following address:

IRS ENTITY CONTROL
CINCINNATI OH 45999

- Form 1120 POL - U.S. Income Tax Return for Certain Political Organizations
- Form 941 - Employer's Quarterly Federal Tax Return
- Form 940 - Employer's Annual Federal Unemployment Tax Return
- Form W-2 - Wage and Tax Statement
- Form SS4 - Request for a **Federal Employer Tax ID#**

After receiving and completely filling out Form SS4, call 1-606-292-5467 to receive information on the process for receiving the Federal Employer Tax ID number.

State of Michigan:

Michigan Department of Treasury **(517) 373-3190** Questions regarding registration, filing, and deposit requirements for State of Michigan Income Tax Withholding for Campaign Workers

- **1-800-367-6263** This number is only for state forms
- Form C-5603a - Concessionaire return (for one-time fund raising event) for remitting sales tax
- Forms 3200 or 3204 - Sales, Use & Withholding Tax

Other Questions

- Michigan Department of Consumer and Industry Services (517) 241-6470. To determine if a potential contributor is registered as a corporation in Michigan. (Corporations are not permitted to contribute to Candidate Committees, Political Committees, Independent Committees or Political Party Committees.) The records of the Corporation Division of the Bureau of Commercial Services are open to the public. The records include the organization documents for limited partnerships, limited liability companies and corporations. Information can be obtained by visiting the office at 6546 Mercantile Way in Lansing, Michigan; calling 517-241-6470; by writing the Bureau at P.O. Box 30054, Lansing, Michigan 48909-7554 or by faxing your request to 517-334-8329. The information includes the name of the entity, date of formation, whether it has been dissolved, current resident agent and registered office, date of last annual report filed. Copies of documents are available, as well as certificates verifying the existence of the entity. The records do not include business performance or reliability; phone numbers; value of stock; or the owner's name.
- Michigan Bureau of State Lottery (517) 335-5780. To secure a license or to determine if one is required for raffles, etc. for fund raising purposes.
- Liquor Control Commission, Michigan Department of Consumer and Industry Services **(517) 322-1400**. To secure liquor license and /or information for fund raisers, receptions, events, etc. where alcohol may be served or sold. For information on posting campaign signs on buildings where alcohol is served or sold.
- Bureau of Elections, Michigan Department of State **(517) 373-2540**. Questions regarding Campaign Finance, Elections, Candidate listings, Election Results, Voter Registration, Lobbyists and Lobbyist Agents, Casino Interest Registration.

QUICK REFERENCE TO CAMPAIGN FINANCE ACT SECTIONS

Public Act 388, 1976 Amended, MCL 169.201-MCL 169.282

Annual Campaign Statements	§35
Candidate to Candidate Contributions	§44
Casino Interests	§30
Complaints	§15
Contribution Limits	§52
Corporate Contributions	§54
Dissolution of Committee	§24, 45, Rule 28
Identifier/Disclaimer Requirements	§47
Immediate Family	§8(1), 69(6), 52(6)
In-Kind Contributions	§9(2), 26(1)(b)
Incidental Expense Disbursements	§9
Independent Contractors	§43
Late Contribution Reports	§32
Late Filing Fees	§33, 35
Petty Cash	§23
Pre- and Post Campaign Statements	§33
Prohibition on Maintaining Receipt of Contributions from Persons Holding Casino Interests	§30
Public Body Prohibition	§57
Reporting Waiver	§24
School Board Candidates	§5(2)
Statement of Organization	§24
Timely Filing - Certified/Registered Mail	§7(1), 16(9)
Treasurer Qualifications & Responsibilities	§21

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